



UWICU 2018

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT

"The Way Forward... Forging New Opportunities"



Name: Ayoka Kyla-Jack

Age: 14 years

Sustainable Development Goal: Gender Equality

Title of Entry: Gender Filters

Description: "For this piece I went for something somewhat simple yet meaningful. This piece represents the days of male dominance in jobs/ society in general and the female gender taking the opportunity to change how the world views them. Different races, different religions all together for the way forward. "

Annual Report 2018

The National Anthem

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

The Credit Union Prayer

*Lord, make me an instrument of Thy Peace
Where there is hatred, let me sow love
Where there is injury, pardon
Where there is doubt, faith
Where there is despair, hope,
Where there is darkness, light
And where there is sadness, joy.*

*O Divine Master
Grant that I may not so much seek
To be consoled as to console
To be understood as to understand
To be loved as to love
For it is in giving that we receive
It is in pardoning that we are pardoned
And it is in dying
That we are born to eternal life.*

U.W.I. Credit Union Vision Statement

The U.W.I. Credit Union is the institution of first choice for superior financial and other services.

U.W.I. Credit Union Mission Statement

Dedicated to providing superior services continuously to enhance the quality of life of its members, while maintaining long-term financial stability.

Our Core Values

*Integrity
Proactivity
Mutual Respect
Commitment
Confidence
Achievement
Family*

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LIST OF OFFICERS

BOARD OF DIRECTORS

Mr. Dorwin Manzano	- President
Mr. Marlon Caesar	- Vice-President
Ms. Debra Maloney	- Secretary
Ms. Patricia Brown	- Director
Ms. Natasha Grant	- Director
Mr. Roger John	- Director
Ms. Marlene Saunders	- Director
Mr. Kennis Thomas	- Director
Dr. Steve A. West	- Director

SUPERVISORY COMMITTEE

Ms. Deborah Isaac	- Chairman
Ms. Sophia Persad	- Secretary
Ms. Tenesha Charles	- Member

CREDIT COMMITTEE

Mr. Reynold Johnson Jnr.	- Chairman
Mr. Dane Goodridge	- Secretary
Mrs. Roxanne Ali-Hassan	- Member
Mr. Pooran Badal	- Member
Mr. Jesille Fraser	- Member

STAFF

Mrs. Heather Thurab-Schulz	- General Manager
Mrs. Yvonne Romano	- Accounting Officer
Mr. Leon Grey	- Credit Supervisor
Ms. Rachelle Churaman	- Operations Supervisor
Ms. Samantha Rodrigues	- Executive Assistant
Ms. Fayola Jones	- Marketing Officer
Mrs. Tameka Guerra-Clarke	- Accounting Officer II
Mrs. Luticia Solomon	- Credit Officer
Ms. Dianah Peters	- Credit Officer
Ms. Krystel Thomas	- Credit Officer
Ms. Janiele Campbell	- Accounting Assistant I
Ms. Maryann Sebalac	- Member Service Rep.
Ms. Tricia Charles	- Member Service Rep.
Mrs. Charlotte Albert	- Records Officer
Mr. Dennis Martin	- Security Officer
Mr. Kerwin John	- Security Officer

SERVICE PROVIDERS

Mrs. Hyacinth Simms	- Accounting
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NOTICE

Dear Member

Notice is hereby given that the 53rd Annual General Meeting of the U.W.I. Credit Union Co-operative Society Limited will be held on Saturday April 6th, 2019 at the JFK Auditorium, The University of the West Indies, St. Augustine Campus commencing at 9:30 a.m.

PROGRAMME

Credential Report
Call to Order
National Anthem
Opening Prayer
President's Address
Acknowledgement of Guests

AGENDA

Credential Report
Notice of Annual General Meeting
Standing Orders
Minutes of the 52nd Annual General Meeting
Minutes of the Special General Meeting
Reports
Credential Report
Election of Officers
Resolutions
Any Other Business
Vote of Thanks
Conclusion

REGISTRATION

8:30 a.m. to 11:00 a.m.



Debra Maloney (Ms)
Secretary
March 20th, 2019

STANDING ORDERS

1. (a) A member shall stand and identify himself when addressing the Chairman
(b) Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he 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) as the mover of a motion - who has the right to reply.
(b) he rises to object or to explain (with the permission of the Chair).
5. The mover of a "procedural motion" - (adjournment, lay on the table, motion to postpone) shall have no right to reply.
6. No speeches shall be made after the "question" has been put and carried or negated.
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) A member shall not "call" another member "to order" - but draw the attention of the Chair to a "breach of order".
(b) In no event shall a member "call" the Chair "to order".
9. A "question" shall not be put to the vote if a member desires to speak on it or move an amendment to it - except, that a "procedural motion": the previous "question", proceed to the next business or the closure: "that the question be not put", may be moved at any time.
10. Only one amendment shall be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it falls.
12. The Chairman shall have the right to a "casting vote".
13. If there is equality of voting on an amendment, and if the Chairman does not exercise his "casting vote", the amendment is lost.
14. Provision shall be made for protection of the Chairman from vilification (personal abuse).
15. No member shall impute improper motives against another member.

YOUR RIGHTS AND RESPONSIBILITIES AT YOUR ANNUAL GENERAL MEETING

You are important. You are one of the owners of the Credit Union, which exists to be of service to you.

You have the right to know about the Credit Union. Your questions and suggestions are therefore important and always welcome.

Your vote is important. It helps to select the Officers who must take responsibility for ensuring the successful performance of the Credit Union.

Be aware of your responsibility to select members who are **committed** and **willing to learn** and **to volunteer** their services to the Membership.

Remember:

- *with leadership comes responsibility*
- *you cannot separate a leader from his/her character*
- *skills without character will fail*

**MINUTES OF THE 52nd ANNUAL GENERAL MEETING OF UWI CREDIT UNION SOCIETY
LIMITED HELD AT THE DAAGA AUDITORIUM, THE UNIVERSITY OF THE WEST
INDIES, ST. AUGUSTINE CAMPUS ON APRIL 07, 2018.**

1.0 COMMENCEMENT

At 9:33am the meeting was called to order by the President, Mr. Dorwin Manzano, who welcomed all to the meeting. Ms. Brenda Fraser led the attendees in the singing of the National Anthem, and Father Steve A. West offered an invocation and led the meeting in the Credit Union Prayer.

2.0 1ST CREDENTIAL REPORT

A Credential Report taken at 9:31am reflected that there were 125 members and 7 guests present which rendered the meeting duly constituted, according to the bye-laws.

3.0 PRESIDENT'S ADDRESS

The President, Mr. Dorwin Manzano welcomed all to the 52nd Annual General Meeting. He reminded that the meeting was held on April 22 the previous year which was to facilitate the completion of the statutory audit; and admitted that it was a tight race towards the completion of the audit exercise this year. He then apologized for the brochure being uploaded on the website the day before but was grateful that members were able to access it in time for the meeting.

3.1 Mr. Manzano then acknowledged and thanked Mr. Joseph Drayton, a young member and past recipient of the Credit Union bursary, for the artwork and design of the front cover of the brochure.

3.2 As Mr. Manzano began his address, he pointed out that the Credit Union was functioning in an environment of financial constraints which affected every

sector within the society, as it did in the previous year. He noted that there was still a scarcity of financial resources and down scaling within organizations such as TSTT and the banks, due to restructuring exercises. He asked the question "what does this mean for Credit Unions"? He then indicated that he was comforted by the words in the Credit Union prayer which states "Lord grant me the serenity to accept the things that I cannot change, the courage to change those that I can and the wisdom to know the difference". He noted that one cannot stop the rain from falling but one can certainly avoid our members from getting wet, and suggested that the Credit Union can take measures to secure itself and, to a large extent, prevent the rain from falling directly on the members. He noted as well, that one cannot control the wind because it was God's work; but one can adjust the sail and thereby take advantage of the wind and chart the course for the Credit Union.

3.3 It is in that light, Mr. Manzano continued, that the Credit Union could use the wind as a source of empowerment, which he believe has always been the role of the Co-operative Credit Union movement from inception. He proffered that the Co-operative Credit Union business model was geared towards empowering members to achieve their goals, which would improve their lives and that of their families which he noted was in keeping with the theme chosen for this AGM, "Enhancing the quality of life for our members, while maintaining long-term financial stability".

3.4 The President urged members to remain focussed during this turbulent time and reminded everyone that the Credit Union was there to support the needs of the membership while engendering their financial stability during this period. He stressed that the Cooperative Principles were essentially different from that of banks and other financial institutions, as with Credit Unions, members mattered most.

3.5 Mr. Manzano pointed out that one of the key components of the co-operative business model was that of financial participation, and urged members to participate financially within the Credit Union as this was the only way a surplus is generated. He then reported to the membership that the Credit Union achieved a surplus from its operations during the period under review and the Board was recommending a 4% dividend for members consideration at today's AGM. He also stated that the Board would continue the trend of rewarding members for doing business at the Credit Union by offering interest rebate on loans.

3.6 Mr. Manzano reminded the membership of Credit Union's Vision Statement, "to be the first choice for superior financial and other services" and encouraged members whenever they are in need, to put U.W.I. Credit Union first and foremost in their minds. He reminded members that in times of recession and scarcity the Credit Union has always remained constant in meeting the needs of its members.

3.7 On the issue of delinquency, Mr. Manzano indicated that the target of 2% was set but noted that delinquency now stood at 4.5%. He acknowledged some contributing factors to the delinquency and informed that the delinquency policy was actively receiving the attention of the Board of Directors and is a priority

issue for the upcoming year, especially with the introduction of IFRS-9. Mr. Manzano explained the effects of IFRS-9 to the membership, in summary, and assured the members that the Board of Directors was actively engaged in taking the necessary steps to ensure that U.W.I. Credit Union was compliant with the reporting standard.

3.8 In closing, as Mr. Manzano expressed thanks, he stated that notwithstanding the challenging economic situation in Trinidad and Tobago he is confident that U.W.I. Credit Union will stand strong and again encouraged members to make the credit union their first choice for their financial needs.

4.0 ACKNOWLEDGEMENT OF GUESTS

The President acknowledged the presence of the following guests:

Mr. Learie Parris	- Clico Credit Union
Ms. Keisha Wong	- Co-operative Development Division
Ms. Resia Williams	- Co-operative Development Division
Ms. Faye Husbands	- Aero Services Credit Union
Mrs. Julia Squires-Allard	- Co-operative Credit Union League

5.0 NOTICE OF MEETING

Ms. Debra Maloney, Secretary, read the Notice, Programme and Agenda.

6.0 STANDING ORDERS

The Standing Orders as stated on page 8 of the brochure were taken as read and adopted on a motion moved by Prof. Winston Mellowes, seconded by Ms. Brenda Fraser and was unanimously carried.

7.0 2ND CREDENTIAL REPORT

The President Mr. Manzano, who was also Chairman of the meeting, reported that at 10:07 am there were 201 members and 10 guests present at the meeting.

8.0 MINUTES OF THE 51ST ANNUAL GENERAL MEETING

The Minutes of the 51st Annual General Meeting held on April 22, 2017, as stated on pages 10 to 19 were taken as read on a motion moved by Ms. Shelly Slater, seconded by Ms. Joycelyn Jackson and was unanimously carried.

8.1 Corrections/Omissions

Ms. Gail Hosein drew attention to the inconsistency of the numbering under paragraphs 18.0 on page 17, whereby “18.3” should read “18.2” and “18.4” should read “18.3”.

There being no further corrections or omissions identified, the Minutes of the 51st Annual General Meeting was confirmed on a motion moved by Prof. Winston Mellowes and seconded by Ms. Lenore Callender. The motion was unanimously carried.

9.0 3RD CREDENTIAL REPORT

The Chairman informed the meeting that registration ended at 10:30 am and stated that at 10:15 am there were 213 members and 11 guests present.

10.0 MATTERS ARISING FROM THE MINUTES OF THE 51ST ANNUAL GENERAL MEETING

Mr. Martin Lee John enquired about the matter outlined in paragraph 10.5 and Mr. Manzano informed that the Education Committee had advertised a workshop with NEDCO which had to be cancelled because of a lack of interest on the part of members. The Chairman assured the meeting that hosting the workshop would be pursued again and Mr. Lee John volunteered to be a part of the promotional team.

- 10.1 In respect of paragraph 11.1 Mr. Lee John indicated that he had not submitted the proposal, but will do so by early next

week. The President gave the assurance that the Board would review the proposal when submitted.

- 10.2 Ms. Shelly Slater commended Mr. Lee John for his enthusiasm and sought clarification from him of the meaning of “RDI” and what benefit was it to members. Mr. Lee John explained that RDI was Research Development Innovation which offered funding through the European Union and the Inter American Development Bank (IADB) and stated that beneficiaries were some ministries, CARIRI and Arthur Lok Jack. He urged members to seek more information about it and stated that he believed members can benefit from it and that many people were seeking information about the matter.

- 10.3 The Chairman referred to paragraph 13.1 and informed that the brochure was posted on the internet as well as circulated on WhatsApp. Mr. Lee John commended the Credit Union on its operations and noted that an analysis would identify its strengths and weaknesses. He also shared his opinion that the implementers of IFRS-9 did not consider the key factor which is asset share, on which it is likely to have an impact. The Chairman assured that the Board was actively addressing the implementation of IFRS-9.

11.0 REPORTS

11.1 Board of Directors' Report

The President, Mr. Dorwin Manzano, drew members' attention to the Board of Directors' Report as stated on pages 20 to 26 and proceeded to deliver a power point presentation on key points of the Report, which highlighted the following:

- Constitution of the Board of Directors
- Established sub committees to assist the functioning of the Board
- Complied with relevant applicable

legislation inclusive of:

- Financial Intelligence Unit Act
- Financial Obligations Regulations
- Performance
 - Loan performance was not as expected
 - Delinquency:
The delinquency policy implemented by the Board will bring about a reduction in delinquency. This policy is, in addition to the checks and balances of the IFRS9 standard which is to be implemented.
- Staffing and Human Resource Matters:
 - Security Officer, Mr. Kerwin John,
 - Operations Manager, Mrs. Heather Thurab-Schulz
 - Performance matrix for the appraisal of staff to be implemented in the new term
 - A succession plan is in place to allow for proper oversight of the Credit Union as the General Manager proceeds on pre-retirement leave. The General Manager was publicly thanked for her dedicated service to the U.W.I Credit Union.
- Building
 - All efforts will be made to utilize the building on Wilson Street, particularly by the Education Committee for the hosting of courses and other events, during the ensuing year.
- Education and Training
 - Four members were added to the Caribbean Development Educators' list having gone through the training in fundamental cooperative development principles: Jesille Fraser; Fayola Jones; Samantha Rodrigues and Tenesha Charles.
 - Maintained the distribution of SEA, Continuing Education, CAPE and CSEC grants as well as the Bursaries.
- Social and Cultural Activities
 - Mr. Nathen Martin, recipient of the National Representation Award – Under 12 Caribbean Junior Tennis Tournament
 - New initiative – How U Going (HUG) Sessions for which the Education Committee was commended and thanked.
 - Mr. Lee John to be utilized to market the pending NEDCO workshop as his interest in that regard has been noted.
- A Strategic Planning session was held on January 04 to 06, 2018 which brought awareness of the need to focus on members physically and strategically. New products were developed, which are likely to be offered within the next quarter to service five categories:
 - On-Campus members;
 - Off-Campus members;
 - The Golden Achievers (Retirees)
 - The Millennial (18-35 yrs)
 - Students
- Outlook for 2018
 - Having considered factors such as the economic climate, the environment within which the credit union operates and IFRS9 standard, the conservative increases in performance targets were listed as:

- Shares - 3%
- Loans - 5%
- Assets - 8%
- Membership 5%
- Net Income 7%
- Delinquency <3%

- Priorities identified for 2018 were:
 - Implementation of IFRS9 standard
 - Reducing delinquency which is contingent on the implementation of IFRS9
 - Implementing new products and maintain access to financial services to enhance the lives of members and their families.

11.2 The President then acknowledged and offered thanks to all who contributed to the success the credit union was now celebrating, particularly to the membership for their commitment to making the credit union their first choice for financial services.

11.3 Matters arising
Mr. Marlon Sampson drew attention to an error under "Board Meetings" where it should read "April 2016 to March 2017".

11.4 Mr. Martin Lee John raised the issue of asset shares and asked that it be included among the priorities of the board for 2018. He then thanked the President, the Board and other committees for their hard work and recognized the staff for their efficiency and effectiveness. Mr. Lee John offered his thanks to God for his past and future blessings.

11.5 Mr. Mark Maundy suggested that the building on Wilson Street be demolished and the space be converted into a public car park, which he felt could be a viable source of income for the Credit Union when one considered the number of businesses and schools in the area.

11.6 Ms. Shelly Slater enquired whether the performance matrix document would be utilized by Supervisors/Managers and others within the Credit Union to evaluate staff or would members/external users of the Credit Union have an input. The Chairman noted the comment and indicated that it would be considered.

11.7 Dr. David Dolly asked whether Shares was the cause of the increase in assets and how many members represented the percentage quoted as delinquency. The Chairman informed that the information on delinquency was forthcoming in the report of the Credit Committee. In terms of assets, the Chairman indicated that investment, property, deposits and other items made up the assets of the credit union of which shares was one part that contributed to the increase. He went on to explain the standard of IFRS39 which allowed for members to withdraw their shares that are unencumbered whereby shares were classified as a liability. The Vice-President, Mr. Marlon Caesar reminded that the completed renovations to the upstairs of the credit union building also contributed to the increase in assets.

11.8 Mr. Mark Maundy made a suggestion that a Recoveries Department be established to deal with recovering outstanding loans and aid in reducing delinquency. The Chairman informed the meeting that such a suggestion was put forward at a previous meeting; and Mr. Caesar added that the delinquency policy was revised to change the process of how things were done and noted that more would be revealed during the Financial Statements.

11.9 Mr. Martin Lee John stated that asset shares were critical since for the purpose of financial shares were categorized as a liability. He noted that asset share would have varied from year to year but a share that is worth \$5 now could have had a

value of \$200 and a total asset of \$800 million would have had to be divided by the number of members.

11.10 Mr. Marlon Sampson expressed his observation of a shift away from Pearls Ratio to IFRS9 and enquired if that was a decision of the Board. The Chairman, President Manzano, explained that Pearls Ratio is a guide for credit unions performance recommended by the World Council of Credit Unions (WOCCU) and the new standard, IFRS9 is the new international accepted accounting and reporting standard for all organizations that produce audited financial standards which the credit union is required to be compliant with.

11.11 Mr. Marlon Caesar reiterated that Pearls Ratio is still used to analyse the performance of the organization and assured Mr. Sampson that data relative to Pearls Ratio would be included in the next report.

11.12 Mrs. Donna Rosales-Gray, the U.W.I. Credit Union General Manager, shared that the credit union was on track except that loans, which should be between 75% and 85% of financial assets, were now down to 50% of the credit union's assets. This she stressed was not a good position and urged members to utilize the credit union for loans, the greatest asset of the credit union, rather than other financial institutions. She noted that although at times loans may be a little more expensive at the credit union, it should be kept in mind that when the credit union profits, members profit. She reiterated that the management statement was such that facilitated monitoring by the Pearls Ratio.

11.13 Mrs. Judith Wright drew attention to the targeted and realized percentages for Loans and Membership under Outlook 2018 and expressed her concern about

whether any specific activities were being engaged to bring about results. She encouraged the board to have a presence on Campus during Orientation Week to market the credit union and its products and services. Mr. Manzano, the Chairman, pointed out that during Orientation Week the credit union has a presence on campus but admitted that the presence can be increased. He also referred to the proposed new products which emerged from the 2018 Strategic Planning exercise in January 2018 and expressed the hope that those products would result in growth in the credit union.

11.14 Mr. Martin Lee John again raised the issue of share asset stating that if the idea of a car park involved a multi-storey car park members can buy individual shares, using asset shares and thereby diversifying the operations of the credit union without being contrary to the by-laws while generating income. In response the Chairman stated that coming out of discussions with the Central Bank, when the legislation was being reviewed, it was clear that if Credit Unions were to conduct business outside of the core nature of its business, a Co-operative instead of the Credit Union should be pursued. He also stated that the idea put forward by Mr. Lee John can be looked at further.

11.15 Ms. Erica Bart reminded the membership that children and spouses of members can become members of the Credit Union. Mrs. Donna Rosales-Gray further reminded members that there was no age limit to becoming a member.

12.0 CREDIT COMMITTEE REPORT

The Report of the Credit Committee was presented by Mr. Reynold Johnson who read from the Report as stated on pages 24 to 26 of the brochure. He noted that the Credit Committee had developed a Risk Assessment Form to be attached

to loan application forms, which will be submitted to the Board for approval. He added that this was in keeping with the new IFRS 9 standard. This he informed would offer clarity to the Supervisory Committee in terms of loans approved and not approved.

12.1 Mr. Johnson offered thanks to God for a productive 2017 and expressed gratitude to all who contributed to the successful functioning of the Credit Committee and to members for their support.

12.2 Mr. James Legall raised a concern about the accuracy of the variance percentages and referred to Applications whereby he believed the variance of 88.4% appeared to be a percentage of the 2017 applications and not that of the 2016 value. He stated that applications for loans were potential new business for the Credit Union and noted that if new business decreased by 84% that should be cause for concern and attention. He shared his view that the more accurate figure should be 40-something per cent as the actual number of loan applications only decreased by 7% but there was a 7% decrease in loan applications. Mr. Marlon Caesar added that the number of members applying for loans have decreased but it was the types/sizes of loans that drove the increase, noting that applications were almost half of what they were last year.

12.3 Mr. Legall determined that the variance was 40-something percent and noted that the number may be accurate but the count of the variance was not and insisted that an 88 per cent loss of new business, as was indicated in the report, should be cause for serious concern. He added that he believed the variance was that of last year's numbers. He noted that may not have been a material error, but a fundamental one and suggested that

strategizing is necessary to address that situation.

12.4 Mr. Legall then referred to last year when members were told that the delay in hosting the annual general meeting was to facilitate the completion of the audited financial statements. He noted that it was important for one to have confidence in institutions such as this and that it was absolutely critical that the confidence in the credibility, especially the numbers, in producing these kinds of reports was absolute. He stressed that there should be no space in a discussion for any assumption that the numbers in an audited report are accurate.

12.5 Mrs. Donna Rosales-Gray stated that the challenge for the Credit Committee and the Board was to determine how loans were to be granted in the current environment. She acknowledged that while it was essential that the loan portfolio grow, the challenge for the organization was granting loans in the current environment without ending up with delinquency. Mrs. Rosales-Gray stated that members were constantly repaying their loans and that another contributor to loan growth was to give more than people were repaying. She further added that with the requirements of IFRS9 which puts added scrutiny on the granting of loans, the anticipation of the growth of the loan portfolio remained challenging.

12.6 In reference to the delinquency position, Mr. Marlon Sampson enquired whether it was on-campus or off-campus members who were not servicing their loans since as far as he was aware there was no retrenchment at UWI. Mr. Caesar informed that information on that would be provided while dealing with the financials.

12.7 Mr. Joseph Haynes commented that membership and loans go hand in hand and suggested that the Credit Union consider online access for members to apply for membership as well for loans. This he noted can also reduce cost as the online application form would only be printed after it is vetted and the member called in to sign after being found eligible. He stated that if the membership portfolio increased, the loan portfolio would also increase. Mr. Johnson noted the comments and assured Mr. Haynes that his comments would be considered.

12.8 Mr. Marlon Sampson requested an explanation for ordinary loans and demand loans. Mrs. Rosales-Gray explained that generally all loans are ordinary loans and that it was all about the member's ability to repay the loans. In an effort to further explain she shared an example where a member may have an existing loan at a rate of 1.25% and can access another loan at .83%. The member can repay both loans as one instalment at the rate of 1.25% or repay them separately if he can afford to. It is all about the ability of the member to repay.

12.9 Mr. Vibert Medford shared his encounter with some members who expressed their dissatisfaction with the cost of loans at the Credit Union which were more expensive than the commercial banks. He pointed out that the Credit Union appeared to be more financial-centred rather than member-centred, in terms of value, and the Credit Union ought to be conscious of that.

12.10 Mr. Marlon Caesar responded to Ms. Kay Parkinson with respect to her concern about the possibility of rebates not being paid and confirmed that rebates on loans encouraged members to take loans and that large loans will attract large rebates. He informed that some members were deemed to be net savers when they saved

their money in the Credit Union and borrowed from the banks.

13.0 SUPERVISORY COMMITTEE REPORT

Ms. Deborah Isaac, Chairman, presented the Report of the Supervisory Committee and commented that the report was tailored to give insight into the running of the Credit Union "behind the scene". She assured the members of the performance of the Credit Union in which they have invested.

13.1 Ms. Isaac informed that in using some of the industry frameworks in terms of looking at how the businesses performed, the Committee decided to look at the Credit Union in terms of five key categories which would give a sense of what the management/board is doing in key areas:

1. Control Environment

- Policies and procedures are in place
- Compliance with external codes and regulations
- Code of conduct for operators
- Board's oversight of activities
- Competency of officers
- Succession planning
- Staff is organized and knows their responsibilities
- Organization chart, reporting structure, reporting lines

2. Risk Assessment activities

The general economy is the most challenging risk at the moment which requires the ability to identify, prioritise, mitigate and manage changes.

3. Control Activities

Day-to-day activities in terms of:

- Authorisation
- Approvals
- Verifications
- Reconciliations

- Segregation of duties
- Access security

4. Information and Communication

- Inside and outside the organization:
- How it is disseminated and communicated
- How it is manipulated and used for decision-making

5. Monitoring activities

To determine efficiency, relevance and performance in accordance with what is being and done and what is to be achieved.

13.2 Ms. Isaac indicated that the main goal was long-term sustainability. She noted that the Credit Union does not operate in isolation. The following areas were examined:

- Loans
- Cash Verification
- Bank Reconciliation Statements
- Capital Expenditure
- General ledger account verification
- Information Systems
- Review of Physical Security
- Vulnerability Assessment and Penetrating Testing
- Review of Deceased members' accounts

13.3 Ms. Isaac informed that conducting an audit involved a number of issues which the Committee ranked under the five categories previously mentioned and assessed based on the areas reviewed and both positive and negative findings were identified.

1. Control Environment:

- New policies were developed while older ones were revised based on changes in operations.
- Established procedures to guide activities in all operational areas.
- Clear reporting lines were defined

- Clear organizational structure was in place
- Regular Board Meetings were held which she attended all Board Meetings to which she was invited.
- Special staff inclusive meetings, were held which is a step in a positive direction

13.4 Ms. Isaac noted that based on the review/ observations, recommendations for the establishment of absent policies and development of other policies were made as follows:

- Cyber security policy
- Version control of policies and procedures documents which would allow for easy access of the most recent/updated document
- Oversight of activities in terms of when a policy is created and implemented; and whether follow up needs to be done to ensure that it is working seamlessly and having the desired effect.
- The approach to succession planning needed work as it is not as clear as it should be.

2. Risk Assessment

More structure was needed and a process should be developed to show a clear illustration of the risks attached to the operations of the Credit Union where the risks are identified, assessed and managed in an effort to achieve the objective of the Credit Union. The risks attached to the particular objective should be identified and weighed against the resources available as well as the ability to manage the risk. This process should have input of the management of the Credit Union.

3. Control Activities

- Authorization and approvals

- Reconciliations were being done
- Staff were knowledgeable of their duties—One issue was identified which will be dealt with by the introduction of the Operations Manager
- Aspects of segregation of duties
- Access security:
 - Logical - each officer had access and was able carry out all transactions
 - Physical - issues raised were dealt with
- Clearly defined cash process was found to be secured and effective

13.5 Ms. Isaac noted the following:

- Objectivity in the loan process was not clearly observed.
- Policies and procedures need to be updated.
- Collection activities on accounts receivable was not sufficiently rigorous. Insignificant, operational transactions such as interest added to closed accounts were found.
- Improvement needed in account monitoring and it was recommended that it be expedited to collect outstanding sundry debts.

4. Information and Communication

- CUMME software not being utilized to its fullest capacity as information requirements for decisions were not clearly defined.
- Information regarding policies should be extended to members.
- PEARLS ratio not being used to the extent it should be.
- A central repository to allow for easy access to data should be developed.

5. Monitoring of operations should be practiced to determine their effectiveness.

13.6 Vulnerability Assessment and Penetration Testing

Ms Isaac explained that, with the

approval of the Board, Ernst & Young was contracted to conduct Vulnerability Assessment and Penetration Testing to ensure that malicious unauthorized users did not access the database of the credit union. She assured the membership that immediate action was taken to close any gaps identified in the report submitted.

13.7 From the point of advisory, Ms. Isaac disclosed that the Supervisory Committee was asked to review the Marketing Plan and their input and recommendations were submitted. She noted that the Committee felt the Plan was a push in the right direction. She also informed that the Committee participated in the strategic planning session with which they were quite pleased as it clearly showed direction and a clear focus for the Credit Union.

13.8 In closing Ms. Isaac informed the meeting that notwithstanding the areas the Committee was unable to review, as one year was insufficient to cover all areas, she felt that the Credit Union was heading in the right direction upon which it can continue to build.

13.9 The membership showed enthusiastic appreciation for the report and Ms. Brenda Fraser expressed her thanks to the Supervisory Committee noting it was the first time she has experienced such an in-depth report.

13.10 Mr. James Legall, commended the Supervisory Committee for the report and on having their recommendations accepted by the Board, he asked what mechanism was in place to ensure that the recommendations of the Supervisory Committee would be actioned. Ms. Isaac informed that there was follow-up/monitoring of the recommendations and noted that a number of the recommendations were already implemented.

13.11 Mr. Legall enquired if a status report can be expected in the next report of the Supervisory Committee to which Ms. Isaac responded by informing that she was up for election and therefore could not determine that.

13.12 Mrs. Donna Rosales-Gray commended the Supervisory Committee for their work and urged members to make a critical assessment of persons before electing them for office.

13.13 Acceptance

The Reports of the Board of Directors, the Credit Committee and the Supervisory Committee were adopted on a motion moved by Mrs. Brenda Fraser, seconded by Mr. Marlon Sampson and was unanimously carried.

14.0 INDEPENDENT AUDITORS' REPORT

Mrs. Jenine Felician-Romain, a representative of PKF Chartered Accountants & Business Advisors, presented the Auditors' Report and read the Opinion of the Independent Auditors' Report as stated on page 42 of the brochure.

14.1 Acceptance

The Independent Auditors' Report was accepted on a motion moved by Ms. Erica Bart and seconded by Mrs. Merle King. The motion was unanimously carried.

15.0 FINANCIAL STATEMENTS

Vice-President, Mr. Marlon Caesar, made a PowerPoint presentation of the Financial Statements for the financial year 2017 as outlined on pages 45 to 50 of the brochure.

15.1 Mr. Caesar paused on the point of Loans to Members to point out to members that while it may appear cheaper to access loans from the banks, the bank generated income from many other products such

as interest on visa and master cards, loan processing fees and so on. He noted that the Credit Union does not apply any other expense to a loan other than interest which is the major income generating product. He assured members that the Board was in the process of reviewing the rate of interest to make it more competitive to increase the revenue stream to the Credit Union, but reminded that a profit must be maintained in order to pay dividends to members.

15.2 Mr. Caesar continued the PowerPoint presentation.

15.3 Matters arising

Mr. Lee John suggested that the Credit Union look at the issue of asset share stating that the idea of developing a multi-storey car park can be pursued and members invest by way of shares in that project as opposed to the Credit Union investing in other companies. Mr. Caesar noted the comment.

15.4 In response to a question from Mr. James Legall, the Vice-President, Mr. Caesar stated that the loan balance figure was as at December 2017. Mr. Legall then asked whether the delinquency ratio was in relation to the value of the loan or the remaining balance. Mr. Caesar informed that it was in relation to the loan portfolio from an arrears standpoint.

15.5 Mr. Joseph Haynes enquired about the LINCUS Deposit and Mrs. Donna Rosales-Gray explained that the Credit Union no longer had the LINCUS card facility, as it did not make financial sense to continue. That figure of \$80,000, she explained, was in a holding account from which outstanding renewal fees for members were deducted.

15.6 Mr. Marlon Sampson referred to Held-to-Maturity Investments on page 66 and

asked for an insight into KCL Giant Screen Entertainment and KCL Capital market Brokers Limited which represented an almost \$11 million investment. Mr. Caesar informed that the credit union made an investment in KCL Giant Screen Entertainment Limited which was Digicel Imax and informed that KCL Capital Market Brokers Limited managed different funds in which the credit union invested.

15.7 Mr. Martin Lee John stressed that he had raised the point in the past that members strengths and abilities should be analysed with a view of investing in members and informed that he was seeking to put up low cost apartments. Mr. Caesar noted the comment and indicated that he expected to see Mr. Lee John at the Credit Union's office seeking funding for his project.

15.8 Mr. Marlon Sampson pointed out that with timely marketing, loans could have been offered to members to invest in the IPO. In this way, he noted, both the Credit Union and the members would have benefitted directly. Mr. Caesar noted the point and stated that it was marketed but admitted that timeliness may have fallen short.

15.9 Mr. Marlon Caesar then delivered a summary on the IFRS9 standard which is the new international financial reporting standard issued by the International Accounting Standards Board for all financial institutions or businesses that produced audited financial statements. This he informed, became effective from January 01, 2018.

15.10 At the end of his detailed summary Mr. Caesar stated that while the old method of providing for loans was after the loan became delinquent, the new method required that each loan be risk-assessed and provision be made for the risk before

the loan is granted. He pointed out that the matrix was being developed to determine the level of risk to be assigned to each loan which would include personal and macro-economic conditions and other factors. He also pointed out that members would be required to answer more questions as part of the evaluation but informed that the actual process of the loan application would not be lengthened. Mr. Caesar also informed that providing for loans within this new standard could impact on the profits of the organization which can result in decreased annual dividend. He urged members to encourage their fellow co-operators to service their loans and indicated that delinquency should reduce as less risky loans would be granted.

15.11 In response to Mr. Marlon Sampson's question about monitoring loans in relation to delinquency, Mr. Caesar stated that the Credit Union has improved in that regard as efforts were made to call and invite members who were seen to be becoming delinquent, to come in and arrange a payment plan.

15.12 Mr. Caesar also informed that great difficulty was often experienced when trying to contact some members whose loans were delinquent. At this point he indicated that out of the 139 delinquent members, 70 were off-campus and 69 were on-campus members and noted that while there were members whose loan payments were made via salary deductions, others were made via bank standing orders. This, he continued, may have contributed to loans becoming delinquent as while all arrangements may have been put in place to facilitate the standing orders, if there were no cash in the particular members' accounts the standing order could not be honoured, notwithstanding the fact that there were members who may have migrated, were on no-pay leave or lost their jobs.

15.13 In response to a question raised by Mr. James Legall regarding what timeframe was used to write off a loan, Mr. Caesar informed that no loans had been written off up to this point. He went on to explain that interest on a bad loan was stopped after 3 months and would be reinstated after 6 months of consistent payment and if it was believed that those funds could not be recovered, the AGM would be approached to write off any bad debts.

15.14 **Acceptance**

On a motion moved by Ms. Cheringdell Depradine and seconded by Mr. Darren Hackett, the Financial Statements for the period under review were accepted. The motion was unanimously carried.

16.0 **BUDGET**

Mr. Marlon Caesar presented the U.W.I. Credit Union Budget 2018 and drew attention to the following budgeted items:

- Total Revenue \$24 million, 3% increase
- Fixed Deposit \$25 million
- Interest on Members' Loans \$20 million, 13% increase
- Interest on Mortgage Loans \$1.2 million
- Interest on savings account \$18,000
- Miscellaneous income \$120,000

16.1 Mr. Caesar highlighted the increase in Interest on Members' Loans and explained that it was expected after its new marketing strategy the net savers of the credit union would make U.W.I. Credit Union their first choice for their financial services.

- Operating Expenditure 7.9 million, 16% increase from 2017

- Personnel \$3.6m, 49%
- Financial \$1.2m, 17%
- Governance \$1.2m, 16%
- Administrative \$587,220, 8%
- Marketing \$739,150, 10%
- Capital Expenditure \$572,000

- Computers \$12,000
- Building \$560,000

16.2 Mr. Caesar explained that a portion of the Building expenditure was to renovate the Wilson Street building for the Credit Union's use.

16.3 **Acceptance**

The U.W.I. Credit Union Budget 2018 was accepted on a motion moved by Mr. Martin Lee John and seconded by Prof. Winston Mellows. The motion was unanimously carried.

17.0 **NOMINATIONS COMMITTEE REPORT**

Dr. David Dolly, Chairman, presented the Report of the Nomination Committee as stated on pages 34 and 35 of the brochure. Dr. Dolly informed the membership that Ms. Ezra Phillip-Bruce was also screened by the Committee but her name was omitted from the list of nominees for the Supervisory Committee. He also drew attention to an error on page 34 and noted that "less than 50 per cent" should read "100 per cent".

17.1 Dr. Dolly emphasized the need to address issues within the bye-laws and indicated that alternates should be made to be more active in the business of the credit union.

17.2 **Acceptance**

The Report of the Nomination Committee was accepted on a motion moved by Mr. Martin Lee John and seconded by Mrs. Nola David-Benn. The motion was unanimously carried.

18.0 **ELECTIONS**

Mrs. Julia Squires-Allard, the Returning Officer, introduced her four assistants and declared registration closed. The Returning Officer explained the election process and revealed that the Credential Report she received indicated that at 10.15

am there were 213 members and 11 guests present.

- 18.1 Mrs. Squires-Allard informed the membership that they were required to elect officers as follows:

Board of Directors	3 members
Supervisory Committee	3 members
Credit Committee	5 members

- 18.2 All nominees were presented to the membership.

Members voted after which the Returning Officer declared the voting process closed.

19.0 RESOLUTIONS

The President, Mr. Dorwin Manzano moved the following motion:

Reserve Fund:

"Be it resolved that an allocation of \$1,560,877 representing 10% of the Net Surplus for the year ended December 31, 2017 be credited to the Reserve Fund".

- 19.1 The motion was seconded by Mr. Jesille Fraser and unanimously carried.

- 19.2 The President, Mr. Dorwin Manzano moved the following motion:

Education Fund:

"Be it resolved that an allocation of \$39,795.15 of the Net Surplus for the year ended December 31, 2018 be credited to the Education Fund".

The motion was seconded by Mrs. Brenda Fraser and unanimously carried.

- 19.3 The President, Mr. Dorwin Manzano moved the following motion:

Common Good Fund:

"Be it resolved that an allocation of \$51,962 of the Net Surplus for the year

ended December 31, 2017 be credited to the Common Good Fund".

The motion was seconded by Mrs. Marlene Sobers and unanimously carried.

- 19.4 The President, Mr. Dorwin Manzano moved the following motion:

Building Fund:

"Be it resolved that an allocation of \$150,000 of the Net Surplus for the year ended December 31, 2017 be credited to the Building Fund"

The motion was seconded by Prof. Winston Mellowes and unanimously carried.

- 19.5 The President, Mr. Dorwin Manzano moved the following motion:

Dividend:

"Be it resolved that a Dividend of 4% (\$7,831,677.05) on Shares be approved and that same be distributed in cash to members in good financial standing".

The motion was seconded by Mrs. Brenda Fraser and unanimously carried.

- 19.6 The President, Mr. Dorwin Manzano moved the following motion:

Interest Rebate:

"Be it resolved that an Interest Rebate with respect to loans be approved and applied in the following manner:

- 3% (\$464,006.91) in respect of Ordinary Loans".
- 4% (\$62,608.83) in respect of unsecured/demand loans

The motion was seconded by Mr. Dane Goodridge and unanimously carried.

- 19.7 The President, Mr. Dorwin Manzano moved the following motion:

Honorarium:

"Be it resolved that an allocation of \$150,000.00 of the Net surplus for the year ended December 31, 2017 be approved and paid as Honorarium for 2017".

The motion was seconded by Ms. Shelly Slater and unanimously carried.

- 19.8 The President, Mr. Dorwin Manzano moved the following motion:

1. Auditors:

"Be it resolved that the firm of PKF (Trinidad) be retained as Auditors for the financial year ending December 31, 2018"

The motion was seconded by Mr. Kennis Thomas and unanimously carried.

20.0 CUNA PRESENTATION

Ms. Brown a representative of CUNA presented a hamper to Ms. Shelly Slater whose ticket No. 30 was drawn.

- 20.1 Ms. Brown then gave insight into the Family Indemnity Plan (FIP) and the Critical Illness Rider which is an add-on to the FIP. She informed that CUNA's brochures with details of products offered can be accessed at the Credit Union's office.
- 20.2 In response to a member who enquired if ones brother could be added on to his FIP Ms. Brown informed that a brother cannot be added as he would have to access the plan on his own. She responded to another member's query by indicating that the holder of an FIP can add on his two parents, his spouses' two parents or a combination, but only two parents can be added.

21.0 ELECTION RESULTS**Board of Directors**

Officers	Votes
Marlene Saunders-Sobers (Elected for a term of 3 years)	- 110
Patricia Brown (Elected for a term of 3 years)	- 109
Natasha Grant (Elected for a term of 3 years)	- 94
Keisha Campbell	- 59
Liselle Guerin	- 55

Supervisory Committee

Officer	Votes
Sophia Maria Persad (Elected for a term of 1 year)	- 146
Deborah Isaac (Elected for a term of 1 year)	- 144
Tenesha Charles (Elected for a term of 1 year)	- 129
Judith Wright	-
Joanna Mc Carter	-

Credit Committee

Officer	Votes
Dane Goodridge (Elected for a term of 1 year)	- 139
Reynold Johnson Jr. (Elected for a term of 1 year)	- 138
Roxanne Ali-Hassan (Elected for a term of 1 year)	- 132
Jessile Fraser (Elected for a term of 1 year)	- 132
Pooran Badal (Elected for a term of 1 year)	- 95
Judith McGilluery	-

22.0 DESTRUCTION OF BALLOTS

A motion for the destruction of the ballots was moved by Mr. Kennis Thomas and seconded by Ms. Shelly Slater. The motion was unanimously carried.

23.0 PRESENTATION

The President, Mr. Dorwin Manzano presented a token of appreciation to Mrs. Donna Rosales-Gray who was scheduled to proceed on pre-retirement after 19 years service to the UWICU.

24.0 VOTE OF THANKS

Ms. Debra Maloney, the Secretary, thanked the Members for their presence and participation. She also expressed thanks to representatives of the Co-operative Division, the Returning Officer, CUNA Caribbean, all other guests for their support and for attending the 52nd Annual

General Meeting of the U.W.I. Credit Union Co-operative Society Limited.

25.0 CLOSURE

There being no further business, the President brought the meeting to a close at 2.35 pm



Debra Maloney (Ms)
Secretary

MINUTES OF SPECIAL GENERAL MEETING OF U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON WEDNESDAY, FEBRUARY 13, 2019 AT LECTURE ROOMS 2 AND 3, INSTITUTE OF CRITICAL THINKING, THE UNIVERSITY OF THE WEST INDIES, ST. AUGUSTINE CAMPUS

1. COMMENCEMENT

The President, Mr. Dorwin Manzano called the Meeting to order at 5:13 p.m. with forty-three (43) members in attendance. He indicated that in accordance with the Society's By-laws, a quorum consist of forty (40) members and as such, he declared that the meeting was duly constituted.

2.0 NATIONAL ANTHEM

The members, led by Mrs. Brenda Fraser, sang the National Anthem.

3.0 INVOCATION

Father Steve West, Director, delivered the Invocation, which was followed by the reciting of the Credit Union Prayer.

4.0 1ST CREDENTIAL REPORT

A Credential Report taken at 5:03 p.m. indicated that there were forty-three (43) members present.

5.0 NOTICE OF MEETING

The Secretary, Ms. Debra Maloney, read the Notice convening the meeting which also included the Agenda.

The President informed members that the usual Standing Orders will be observed during the proceedings.

6.0 ACQUISITION OF PROPERTY FOR EXPANSION OF THE BUSINESS OPERATIONS

The President, Mr. Dorwin Manzano indicated that the Special General Meeting was called for the specific purpose of discussing the acquisition of a property for the expansion of the business

operation of the U.W.I. Credit Union Co-operative Society Limited (UWICU).

He welcomed everyone to the meeting and thanked them for their attendance and participation in such an extremely important exercise.

Mr. Manzano acknowledged the presence of members of the Board, Supervisory and Credit Committees as well as Ms. Lisa Duberry and Mrs. Paula La Barrie-Mitchell of the Commissioner for Co-operative Development Division, Ministry of Labour and Small Enterprise Development.

He indicated that the first phase of the acquisition of the property required the approval of the members and for that reason a Special General Meeting was convened to seek the approval of the membership. He further stated that provided the membership at this Special General Meeting grant the requisite approval, copies of the confirmed Minutes, results of the vote and other supporting documents will be submitted to the Office of the Commissioner for Co-operative Development.

Members were informed that the owner of the property situate at No. 5 Mc Carthy Street, St. Augustine had made an offer for sale of the said property to UWICU and that after careful consideration of the offer, the Board was of the view that the acquisition of the property was in keeping with the strategic objectives of UWICU and was also in the best interest of the membership.

The President gave a brief overview of the three-year Strategic Plan (2018 - 2020) for the organization. In 2018, the Credit Union focused on new opportunities; in 2019, it will focus on digital transformation and, in 2020, it will place emphasis on creating generational wealth.

The Strategic Plan was divided in short, medium and long-term goals. The key objectives of the Society in the short term were:

- Increase Loan Portfolio,
- Review Organizational Structure
- Expand Membership
- Enhance Corporate Image

With respect to increasing the loan portfolio, in July/August 2018, the President indicated that UWICU embarked on a “Road Show” and visited the various departments of the University. It was noted that as a result of “taking the business to members”, the Road Show achieved a total of \$4.7m in loans. It was also noted that along with the Road Show an assessment of the needs of members was also carried out. The President added that it was the Board’s intention to develop strategic initiatives in response to those needs and thereby provide a more superior quality of service to our members.

With respect to review of the organizational structure, the Board after careful deliberations agreed on adjustments that were required in order to achieve the strategic intent and as such, appropriate adjustments were made to the organizational structure. Eg. the implementation of the position of Manager, Finance and Accounting so as to have a tighter grip and oversight of the financial performance of the Society.

In terms of expanding the membership bond, during the Road Show, some surveys

were done which showed that there is need for expansion. In order to address this finding an appropriate amendment to the Bye-Laws will be required. The President indicated that over the last two years, the Board has been working on amendments to the Bye-Laws and as such, the exercise is expected to conclude within the coming year.

The President explained that the acreage of the property is 2000 square feet and that the Board had carried out its due diligence in respect of the Title Investigation, Valuation and other relevant inquiries.

The President also indicated that over the period, a lot of effort have been made to enhance the corporate image of UWICU. He added that the exterior and interior of the office building at No. 118 Eastern Main Road have been transformed into a very impressive and attractive place of business. He also noted that several commendations have been received from members and non-members about the positive and notable change. He also stated that in the same vein, the Board wants to continue expanding and enhancing UWICU’s image and business operations next door, at No. 5 Mc Carthy Street, so that we can better serve our members.

Director Kennis Thomas shared with members the plans for expansion of the services and operations at No. 5 Mc Carthy Street, St Augustine as well as what specific accommodation were earmarked for the property. They included the following:

- Cubicles at the relocated Credit Department
- Two large Training Rooms
- Reception Area
- Meeting Rooms

- Conference Rooms
- Industrialized kitchen
- Parking for five persons (will explore for additional two)
- Elevated concrete roof

Vice President Marlon Caesar informed members that the total acquisition cost (including refurbishment) was \$7,941,093 and cash was the recommended option, because the Society currently had excess liquidity which could safely meet the costs without affecting the operations. He also indicated that the new property can also be utilized for training and hosting of Credit Union events such as the Annual Children's Christmas Party.

Members made the following suggestions/ observations:

- UWICU is being offered the property at its valued cost
- Why not invest in Wilson Street property, from which the Credit Union will earn income.
- Finish the plan for Wilson Street before acquiring another property.
- Create a financial plan and encourage members to invest and own part of the property.
- Loans are decreasing which may be an indication that the Credit Department is underperforming.
- Pave the whole of Wilson Street property and rent it out as a car park facility, as opposed to putting up any structure at this time.
- That is too much money and we do not know the outcome of Brexit and the situation in Venezuela.
- Instead of accessing the liquidity of the Credit Union, lend members the funds to

purchase assets.

- A number of persons in the university community have lost their jobs.
- Members do not want to borrow unless it is something critical.
- The matter needs some more careful analysis, especially when one considers what is happening in the world, which is on the brink of a war.
- Members need to trust the instinct of the Board of Directors.
- Products are tailored to suit members' needs.
- Members should take a holistic view of the proposal.
- The Society should tap into all tertiary institutions.

7.0 All of the above suggestions and observations were taken into account and discussed by the members present. It was felt that sufficient discussions and deliberations were held on the various matters and that members were in a position to take a decision by way of voting on the matter.

8.0 2ND CREDENTIAL REPORT

A Credential Report taken at 6.30 p.m. indicated that there were fifty-eight (58) members present.

9.0 RESOLUTION

On behalf of the Board of Directors, the President moved the following resolution:

"Be It Resolved that the Board of Directors of U.W.I. Credit Union Co-operative Society Limited this 13th day of February, 2019 is hereby authorized by the members of U.W.I. Credit Union Co-operative Society Limited to take steps to acquire the property situate at No. 5 Mc Carthy Street, St. Augustine in

the Republic of Trinidad and Tobago for the purpose of expanding its business operations at \$7,941,093.”

“Be it further resolved that the Board of Directors shall advise the Commissioner for Co-operative Development of the decision of the members taken at this Special General Meeting and where applicable seek any other relevant approval.”

The resolution was seconded by Ms. Marlene Saunders.

Voting was by show of hands, counted by the Co-operative Officers, and the results were as follows:

- 43 in favour
- 4 against
- 11 abstentions

The resolution was, therefore, carried by the meeting.

Mr. Manzano thanked members for their time, comments and participation.

9.0 **CLOSURE**

There being no further business to discuss, the President brought the meeting to a close at 6.53 p.m.



Debra Maloney (Ms.)
Secretary

REPORT OF THE BOARD OF DIRECTORS OF THE U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED FOR THE YEAR 2018/2019

INTRODUCTION

The Board of Directors is pleased to present its Report on activities for the year 2018/2019. Following the Inaugural Meeting of the Board of Directors for the 2018/2019 term the Board was reconstituted as follows:

Mr. Dorwin Manzano, President
Mr. Marlon Caesar, Vice-President
Ms. Debra Maloney, Secretary
Ms. Patricia Brown, Director
Ms. Natasha Grant, Director
Mr. Roger John, Director
Mrs. Marlene Saunders-Sobers, Director
Mr. Kennis Thomas, Director; and
Dr. Steve West, Director

OVERVIEW

The U.W.I. Credit Union Co-operative Society Limited (UWICU) earned a profit of \$12.4 million in 2018 which was achieved against the backdrop of the current economic challenges being faced in Trinidad and Tobago. The components of that figure are \$22.6 million in revenue less operating expenditure of \$10.2 million.

As we emphasized in the 2017 Annual Report, the introduction of the new International Financial Reporting Standard - IFRS 9 Financial Instruments, would potentially impact our bottom line. Our financial reports show there was no impact on the provision for loans as the Board has been prudent in this regard; however there was an increased provision for the investment portfolio of \$3.0 million. Overall the impact on current profit was minimal with a decrease of \$300,000 in comparison to our 2017 performance

of \$10.5 million net profit. We wish to highlight the successful implementation of this accounting standard and the fact of UWICU being fully compliant.

The Board of Directors remained committed and dedicated to the UWICU's Mission of providing superior services continuously to enhance the quality of life of our members, while maintaining long-term financial stability. To achieve this the Board embarked on a strategic planning process and approved a new plan which covers the period 2018 to 2020.

We wish to draw your focus to the increase in loan revenue of \$4.3 million. We believe this strategic plan has begun to set us on the upward path and is expected to deliver improved financial and business performance as well as provide added value to our membership.

The year 2018 provided a challenge to some of our members who experienced loss of property from the devastating floods in October 2018. UWICU was pleased to offer financial assistance and loans to members to aid in their recovery. A total of \$120,000 was disbursed from our Common Good Fund to one hundred members in the form of a grant.

PERFORMANCE TARGETS

The Board of Directors, UWICU, had outlined performance targets for 2018 and while all were not achieved during the period, we are confident that the foundations laid with the implementation of year-one of our Strategic Plan, will result in improved performance and attainment

of our 2019 targets. A comparative review of the performance with respect to these targets for 2018, were as follows:

Description	Targets 2018	Actual 2018
Shares	3 %	3.1%
Loans	5 %	1.1%
Assets	8 %	4.1%
Membership	5 %	2.3%
Net Income	7 %	-18.3%
Delinquency	< 3 %	7.36%

SHARES

Members' Share Capital increased from \$201.8 million to \$208.0 million a total increase of \$6.2 million for the financial year ended 31st December, 2018.

LOANS

The loan portfolio before provision for loan loss increased from \$ 148.2 million to \$149.5 million, a total increase of \$1.6 million. The Board continues to place emphasis on increasing loans, with new initiatives and promotions being pursued in 2018, eg. a series of four(4) "Road Show" promotions were held during the month of June, 2018 which provided onsite access to loans within various departments of the University. The Road Shows were a huge success and generated an additional \$6 million in business for UWICU.

DELINQUENCY

The target set for delinquency was less than 3%. However, as at 31st December, 2018 the actual delinquency ratio stood at 7.36%. While this increase from the previous year of 4.45% is mainly due to default on mortgages and the economic challenges faced by our members, the Board is actively engaged and is aggressively monitoring this portfolio. A dedicated resource was assigned on the delinquency portfolio and reviewed the effectiveness of our delinquency policy. As at 28th February 2019 the delinquency

ratio is 7.65% and we expect this to fall to 5.1% by end of April 2019 based on actions already taken to recover sums owed.

MEMBERSHIP

UWICU membership continues to grow steadily and during the period a total of 187 new membership applications were approved by the Board. The total membership as at 31st December, 2018 stood at 5,215 an increase of 2.3%. The Board as part of its strategic initiative intends to have a direct correlation between membership growth and that of the loan portfolio.

INSTITUTIONAL CAPITAL

The recommended local standard for Institutional Capital has been provisionally set at 8% by the Central Bank of Trinidad and Tobago whilst the international standard is 10%. The Board having due regard to prudence and the best interest of its members continues to maintain an adequate level of 19.90%.

COMPLIANCE

The Board, in its oversight responsibility, worked closely with Management to ensure that UWICU operated within the provisions of the Law and was compliant with all laws pertaining to the business of the Credit Union. We wish to report that both the internal and external Compliance Audits were successfully completed. Also, in keeping with the FIU and FATCA requirements, all Officers and members of staff participated in mandatory annual compliance training.

STRATEGIC PLANNING AND TEAM BUILDING RETREAT

The Board intends to move forward with the implementation of its three-year Strategic Plan bearing in mind the following annual themes which would guide the process:

Year 1 (2018) – Forging New Opportunities
Year 2 (2019) – Digital Transformation
Year 3 (2020) – Creating Generational Wealth

A Strategic Planning and Review session was held with members of Board of Directors, Officers, Management and Staff on 12th January, 2019 where the performance and strategic objectives were assessed in respect of 2018. Some of the key achievements included:

Review of the Loan Portfolio resulting in the “Road Show” and “We Make Life Sweeter” promotions IFRS-9 preparations

Refurbishment of the Exterior to the office building at No. 118 Eastern Main Road

Implementation of emails and text blast system

Establishment of a Marketing Committee

Establishment of a Staff Performance Review System

TRAINING AND DEVELOPMENT INITIATIVES

During the period members of the Board and Statutory Committee as well as Staff participated in several leadership and development and/or training programmes. They include:

The Caribbean Development Education Programme, by CaribDE

Governance & Leadership Conference and Compliance Training, by TTCUDIF

Effective Credit Management, by NEM Leadership Consultancy

OSHA Compliance and Responsibilities, by The Safety Council of T&T

AML Training, by the Institute of Banking & Finance of T&T

AML/CFT and Compliance Training, by Financial Intelligence Unit
Annual Compliance Training for Officers and Staff, by UWICU's AML/CFT Consultant

Supervisory Management, by Employer's Solution Centre

IFRS-9 Workshops, Leadership & Supervisory Management, by CFF

Supervisory and Development Strategy, by CUES

“Know your Money Seminar”, by CBTT

World Credit Union Conference, by WOCCU

BYE-LAWS

The Board intends to complete its review of the Bye-Laws which has been entrain over the last two-years and to convene a Special General Meeting within the year to present recommendations for amendments to the Bye-Laws. This very important exercise will facilitate a more effective governance structure as well as provide the enabling environment for enhancement of our business operations and the realization of our strategic goals.

BOARD SUB-COMMITTEES

In keeping with our Mission to provide superior financial and other services to our members, the Board of Directors was able to accomplish the following through its various Sub-Committees:

EDUCATION COMMITTEE

The Annual Orientation session for prospective Officers was successfully mounted.

On April 11th 2018, the Committee hosted its final How U Going (HUG) session in its four-part Series. This initiative engaged

conversations with UWI Credit Union's staff members on re-assessing lifestyles, and taking advantage of potential income-generating opportunities in the current economic climate.

On July 7th 2018, Attorneys-at-Law Mr. Dorwin Manzano and Ms. Liselle Guerin engaged twenty (20) participants in A Conversation on Legal Matters that focused on purchasing a Vehicle; Land Acquisition; and Preparation of Wills, Deeds and Letters of Administration.

On October 15th 2018, at its 3rd Annual Budget Forum, a Joint Credit Union Committee hosted Conversations with the People: National Budget Review 2019, which was based on the Government of Trinidad & Tobago's October 2018 budget presentation. Panellists included Labour and Political Activist Mr. David Abdullah; Dr. Winford James, Educator, Newspaper

Columnist and Political Analyst; Dr. Sheila Rampersad, Senior Journalist and former Executive Member in the Media Association; and Mr. Najja Vassell, Financial Accountant and a Director at AERO Services Credit Union. Advisor to the Pro-Vice-Chancellor and Campus Principal (Institutional Effectiveness & Strategy), UWI, St. Augustine, Dr. Marlene Attzs, moderated the forum which attracted twenty-two (22) participants who engaged in insightful and meaningful discussion.

In March 2019, the Facilitator, Mrs. Christine Greenidge, conducted one-on-one sessions on coaching techniques with candidates for the **Secondary Entrance Examinations (SEA)** and their parents.

The Committee mounted the following **short course offerings** at UWI Credit Union's newly refurbished Training Centre:

COURSE	FACILITATOR	DATES OFFERED	NUMBER OF PARTICIPANTS
Introduction to Computer Literacy for SEA students	Ms. Sophia Persad	July 7 th and 14 th 2018 (2-day workshop)	11
Introduction to Make-Up Artistry	Ms. Dedra Ruiz-Richards (2 separate 8-week sessions)	October 1 st to November 29 th 2018	20
Introduction to Jewelry Making	Mrs. Jolando Marshall	October 23 rd to December 4 th 2018 (6-week course)	12
Carnival Make Up	Ms. Dedra Ruiz-Richards	February 4 th and 5 th 2019 February 12 th and 15 th 2019 (2 separate 2-day courses)	9 10
Basic Auto Mechanics Course	Mr. Nicholas Manmohan	February 7 th to March 28 th 2019 (8-week course)	14
Introduction to Make-Up Artistry	Ms. Dedra Ruiz-Richards	March 11 th to May 6 th 2019 March 13 th to May 1 st 2019 (2 separate 8-week courses)	10 11

The 2018-2019 **Jerris Attzs** Bursary was awarded to first-year tertiary-level University entrant, Ms. Sasha Boodoo.

Credit Union Bursaries were also awarded to the following second and third-year continuing tertiary-level students:

- Ms. Sacha Doonie (COSTAATT)
Brenda Fraser Bursary
- Mr. J'Lani Grant (Youth member) (UWI)
Claude McEachrane Bursary
- Ms. Sulicia Adams (UWI)
Jill Thompson Bursary
- Mr. Aaron George (UWI)
Vibert Medford Bursary

At the July 19th 2018 Awards Ceremony, twenty-five (25) students who successfully completed the **Secondary Entrance Assessment (SEA)**, received grants. Feature Speaker Ms. Christine Greenidge delivered an engaging address on the theme, Transitioning from Primary to Secondary School.

Twenty-two (22) UWICU youth members, who maintained a B+ or 65% average at their secondary schools, were awarded **Continuing Education Grants**.

A total of twenty (20) **CSEC and CAPE grants were awarded** to first and second-year candidates who successfully completed the Caribbean Examinations Council's (CXC's) Caribbean Secondary Education Certificate (CSEC) and Caribbean Advanced Proficiency Examinations (CAPE).

On July 24th and 26th 2018 a **Healthy Respect Programme** was Facilitated by Mrs. Rebekah Ali-Gouveia, who addressed pertinent topics on Healthy Relationships; Bullying; Media, Technology and Me; and The Teen (Adolescent) Brain. Thirty-nine (39) youth members participated in the programme.

During August 6th to 20th 2018, UWICU hosted two (2) five-day sessions of **Cooking for Teens** with Crowner's Culinary Institute. Ms. Loama Warner facilitated the sessions which attracted a total of nineteen (19) participants, seventeen (17) of whom received certificates of participation.

In November, 2018 UWICU hosted its first **Art Competition and Exhibition for youth members**, ages 5 to 19 years, on the theme, The Way Forward ... Forging New Opportunities. The ten (10) submissions were judged by three (3) members of the Art Society of Trinidad and Tobago (ASTT): Mr. Peter Sheppard, ASTT President and Artist, Mr. Fitzroy Hoyte, Private Gallery Owner and Artist; and Ms. Wendy Perriera-Aqui, ASTT Director and Artist. The art pieces are exhibited in UWICU's Lobby. The front cover of the 2018 Annual Report features the artwork of Ms. Ayoka Jack's winning depiction of Gender Filters. Ayoka was from the 11 to 15 year-old category. Ms. Maycee Meade was the winner in the age 5 to 10 year-old category.

On November 23rd 2018, UWICU hosted sixty-four (64) **retirees** at the Hilton Hotel and Conference Centre for an eventful day of activities that included bingo, karaoke, Latin as well as parang-styled dancing and live parang entertainment.

SOCIAL AND CULTURAL COMMITTEE

UWICU was invited to participate in the **Kester Husband Memorial Cricket Invitational Competition**. This event was held in honour and memory of Mr. Kester Husbands, one of the past Presidents of AERO Services Credit Union, in the spirit of co-operation amongst co-operatives. UWICU's team had the pleasure of winning the trophy and a day of competitive fun.

The 2018 **Annual Joint All Fours Competition** was held during Credit Union month with full participation from: Aero Services, Community Care, TECU and UWI Credit Unions who competed against each other for bragging rights in the 2018 Competition. UWICU and TECU were the finalists, however after an intense and tightly fought competition TECU emerged the 2018 champion.

The **Annual Children's Christmas Party** was held on Sunday, December 2, 2018 at the St. Augustine Tennis Club located at Mc Cathy Street, St. Augustine. The children were treated to live entertainment, bouncy castles and games. The day was filled with fun and parents were very pleased with venue.

The 29th edition of the **Annual Calypso and Ole Mas Competition** was held on Friday 22nd February, 2019 much to the enjoyment and entertainment of the members, participants and visitors. The results of the competition were as follows:

CALYPSO

- | | |
|------------------------|------------------|
| 1 st Place | - Helen Jones |
| 2 nd Place | - Terrence Rivas |
| 3 rd Place | - Rawle Peters |
| 4 th Place | - Jael Grant |
| 5 th Place | - Camille Renaud |
| People's choice | - Jael Grant |
| Best Social Commentary | - Helen Jones |
| Best Party Song | - Jael Grant |

AUDIENCE VINTAGE

- | | |
|---------------------------|---|
| 1 st Place | - Malita Romeo |
| 2 nd Place Tie | - Timya Olivien and
Tamika Elcock-John |

BEST OLE MAS BAND

- | | |
|-----------------------|--|
| 1 st Place | - Faculty of Science and
Technology |
| 2 nd Place | - Agriculture Economics
and Extension |

- | | |
|-----------------------------|--|
| Best Individual (Female) | - Cro Cro Get
Suspended |
| Best Individual (Male) | - So Long I En See
You-Meh UWI
Backpay |
| Best Credit Union Portrayal | - Credit Union
Killa Deals |
| Best Social Portrayal | - WASA Say Doh
Use No Hose |
| Biggest Flag | - One Shot Posse |
| Biggest Unfirmed Posse | - One Shot Posse |

MARKETING COMMITTEE:

A marketing Committee was established during the year and was mandated to develop a holistic marketing plan. Plans are afoot to embark on an aggressive marketing campaign within the year as UWICU seeks to expand its business operations, make UWICU presence more visible on UWI St Augustine Campus and affiliated entities and leverage on digital transformation to attract and retain the next generation of credit union members.

BUILDINGS COMMITTEE

The Buildings Committee has been at the forefront of the refurbishment works at the Main Office Building at No. 118 Eastern Main Road, St Augustine as well as the acquisition of No. 5 Mc Cathy Street, St Augustine and the plans for the property at Wilson Street.

In 2018 refurbishment works were completed to the exterior of Main Office Building as we aim to enhance our corporate image. The opportunity to purchase the adjacent property at No. 5 Mc Cathy Street was presented to UWICU and the Board was of the view that purchase of the property is in alignment with the Strategic Plan (2018-2020) and specifically for the expansion of business operations and services in the short to medium term. A Special General Meeting was held on February 13th, 2019 at which the purchase was approved by the membership.

The Board intends to move forward with plans to design and build a multi-purpose facility at Wilson Street in the long term (3-5 years). However, in the interim the existing structure will be demolished in 2019 and will be utilized as a car park to serve the area.

HUMAN RESOURCE COMMITTEE:

The Human Resource Committee maintained its oversight of the Human Resource and staffing issues over the period. Arising from the new Strategic Plan 2018/2020 it was important to review the current organizational structure to ensure that there was alignment with the strategic goals and that Management was properly engaged and empowered. As such, Mrs. Heather Thurab-Schulz was appointed General Manager in October 2018 following a period of Acting for Mrs. Donna Rosales-Gray who proceeded on pre-retirement leave in April 2018. The Board once again takes the opportunity to express its gratitude to Mrs. Rosales-Gray for her years of dedicated service.

A key position of Finance and Accounting Manager was introduced and subsequently filled within the period. This key position is intended to strengthen the accounting function within the organization. It should be noted that the Operations Department was also realigned with the position of Operations Supervisor replacing the previous position of Operations Manager.

A major HR deliverable completed in 2018 was the development and implementation of a robust performance appraisal system which will be key in developing and motivating our staff.

GOVERNANCE RISK AND COMPLIANCE COMMITTEE

The Governance, Risk and Compliance Committee (GRCC) oversees all Governance matters within the confines of UWICU and monitors all statutory/regulatory compliance relating to the UWICU business operations including FIU, POCA and the Co-operative Societies Act.

FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee monitors all investments and policy related matters for and on behalf of the Board and where and when necessary makes appropriate recommendations for consideration of the Board of Directors. During the period the Committee reviewed the Investment and Delinquency Policies and proposed amendments for the Board's consideration, all of which were approved.

OUTLOOK FOR 2019

Cognisant of the financial climate and other challenges currently before our members and by extension our nation, the Board and Management team of UWICU nonetheless remain optimistic about the potential and capacity for growth within the 2019. As such, the following growth targets have been set for 2019:

Shares	-	3%
Loans	-	5%
Assets	-	8%
Membership	-	5%
Net Income	-	8%
Delinquency	-	<5%

BOARD MEETINGS

During the period April 2018 to February 2019, the Board held eleven (11) meetings. Attendance at these meetings was as follows:

NAME	POSSIBLE	PRESENT	EXCUSED
Dorwin Manzano	11	11	-
Marlon Caesar	11	11	-
Debra Maloney	11	9	2
Patricia Brown	11	10	1
Natasha Grant	11	10	1
Roger John	11	11	-
Kennis Thomas	11	11	-
Marlene Saunders	11	9	2
Dr. Steve West	11	8	3

OUTGOING OFFICERS

The outgoing Officers are Mr. Marlon Caesar, Mr. Roger John and Dr. Steve West. The Board expresses its sincere thanks to these Officers for their outstanding performance and invaluable service during their term of service. Mr. Roger John will not be offering himself for re-election. In this ensuing period based on a principle decision taken by the Board in order to address the succession of members.

ACKNOWLEDGEMENTS

The Board acknowledges the kind assistance, sincere encouragement and ready co-operation given by:

- The UWI Administration
- The Commissioner for Co-operative Development and his Staff
- The Central Finance Facility Co-operative Society Limited

- CUNA Mutual Group/CUNA Caribbean Insurance Society Limited
 - (TTCUDIF) The Deposit Insurance Fund Co-operative Society Limited
 - The Division of Facilities Management, UWI
 - The Faculty of Science and Technology, UWI
 - The Faculty of Food & Agriculture, UWI
 - The Faculty of Medical Sciences
 - The Institute of Critical Thinking
 - The UWI Security Services
 - The Alma Jordan Library
 - The Staff of the U.W.I. Credit Union Co-operative Society Limited
 - Departmental Representatives
- All Members of the U.W.I. Credit Union

CONCLUSION

The Board of Directors wishes to thank the Members, Officers and Staff for continued commitment, dedication and faithfulness towards the Cooperative Principles and Philosophy and look forward to a productive and meaningful 2019. May God bless us all.



Debra Maloney (Ms.)
Secretary
Board of Directors, U.W.I. Credit Union
March 15, 2019

REPORT OF THE CREDIT COMMITTEE OF THE U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED FOR THE YEAR 2018/2019

INTRODUCTION

The Committee is pleased to present its Report on the activities for the year ended December 31, 2018.

Following the AGM on April 7, 2018 elected members met on April 9, 2018 to select a Chairperson and Secretary. As such, the composition of the Committee is as follows:

NAME	POSITION
Mr. Reynold Johnson	Chairperson
Mr. Dane Goodridge	Secretary
Mrs. Roxanne Ali-Hassan	Member
Mr. Jesille Fraser	Member
Mr. Pooran Badal	Member

The Credit Committee throughout the year worked on adapting the assessment of loans while also navigating the challenging macro-economic environment. According to Focus Economics March 12, 2019 issue, economic activity declined in the last quarter of 2018 contracting across most economic sectors mainly the petrochemical and construction sectors. While projects and programmes such as The Angelin project, BPTT's latest gas facility and The Government of Trinidad and Tobago's capital programme should support economic activity, volatile energy prices, uncertainty surrounding developments in Venezuela and high household debt are the key downside risks for 2019.

Despite the contraction in particular economic sectors in latter 2018, lending within the Trinidad and Tobago financial system grew. The Central Bank of

Trinidad and Tobago, Economic Bulletin January 2019 indicated the driving factors behind the expansion in credit to be, increased lending towards debt consolidation, refinancing, credit card lending and real estate mortgages. It is also of significance to note that lending for motor vehicle purchases and business lending was sluggish in 2018.

Within the year the UWI Credit Union adopted the International Financial Reporting Standard (IFRS) 9. This new accounting standard by the International Accounting Standards Board (IASB) replaces the existing incurred loss model (International Accounting Standard (IAS) 39) with a forward-looking Expected Credit Loss model. As a result, provisions are now made for all financial instruments from the date of acquisition and over the entire life of the instrument, and not just at the time of impairment. The major challenges faced in this adoption were data collection and the development of the Expected Credit Loss models.

To assist the Credit Officers in making the transition to the new IFRS 9 Standard, excellent training was provided via the Board and Management of the U.W.I.CU.

Members of the Credit Committee also attended workshops on Risk Governance and Compliance Management, Financial and Strategic Planning and Compliance. These workshops were mandatory due to new regulations from the Trinidad and Tobago Central Bank. One member also attended the CaribDE Conference. These workshops helped to enhance the performance of the Committee members.

MEETINGS

The attendance by members of the Committee during the period is as follows:

NAME	POSITION	POSSIBLE	PRESENT	EXCUSED
Reynold Johnson	Chairperson	45	44	1
Dane Goodridge	Secretary	45	43	2
Roxanne Ali-Hassan	Member	45	43	2
Jesille Fraser	Member	45	44	0
Pooran Badal	Member	45	44	1

LOANS

During the year under review, strategies to improve the loan portfolio were mounted.

One major strategy was to go out to the members instead of them having to actually visit the Credit Union office to apply for a loan. The Committee worked

with the management and staff of the Credit Union to ensure that this outreach to the members via the 'Road Show' and 'Make Your Life Sweeter' Loans were quickly reviewed and approved.

The following tables show the number of loan applications for 2018 that were reviewed, approved and declined:

DESCRIPTION	NUMBER OF LOANS 2017	NUMBER OF LOANS 2018	PERCENTAGE (%) CHANGE IN NUMBER OF LOANS
Loan Applications Reviewed	2689	2672	-0.63%
Loans Approved	2447	2390	-2.33%
Loans Declined	208	245	17.79%
Cancelled, Unprocessed, Pending	34	37	8.82%

DESCRIPTION	VALUE (\$) OF LOANS 2017	VALUE (\$) OF LOANS 2018	PERCENTAGE (%) CHANGE IN VALUE OF LOANS
Loan Applications Reviewed	\$45.6M	\$42.6M	-6.58%
Loans Approved	\$33.7M	\$38.0M	12.76%
Loans Declined	\$ 7.3M	\$ 3.7M	-49.32%
Cancelled, Unprocessed, Pending	\$ 4.6M	\$ 0.9M	-80.43%

There was an increase in the number loans declined by category by 17.8% over 2017. The Credit Committee recognized the need to ensure that the loans that are being approved meet the IFRS9 Criteria. Loans that were declined posed

a significant credit risk to the UWI Credit Union.

ANALYSIS OF LOANS APPROVED

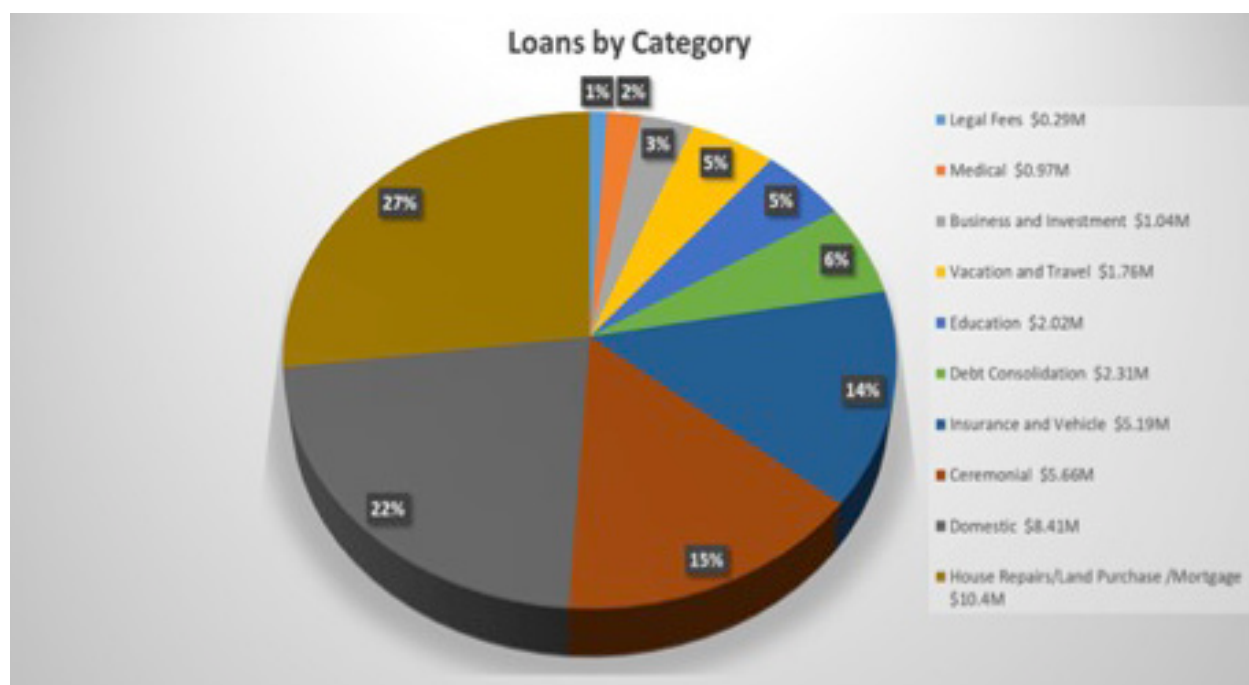
The following table provides an analysis of the loans that were approved:

APPLICATIONS APPROVED						
LOAN CATEGORY	TOTAL NUMBER OF LOANS 2017	TOTAL VALUE (\$) OF LOANS 2017	TOTAL NUMBER OF LOANS 2018	TOTAL VALUE (\$) OF LOANS 2018	PERCENTAGE (%) CHANGE IN TOTAL NUMBER OF LOANS	PERCENTAGE (%) CHANGE IN TOTAL VALUE OF LOANS
BUSINESS	25	\$1,317,100	20	\$395,300	-20%	-70%
CEREMONIAL	504	\$4,234,109	505	\$5,660,814	0%	34%
DOMESTIC	812	\$4,771,982	890	\$8,412,546	10%	76%
EDUCATION	201	\$1,785,709	194	\$2,018,778	-3%	13%
HOUSING	153	\$6,043,138	136	\$5,611,773	-11%	-7%
INSURANCE	11	\$66,730	10	\$32,762	-9%	-51%
INVESTMENT	13	\$951,000	5	\$640,000	-62%	-33%
LEGAL FEES	15	\$302,850	21	\$291,700	40%	-4%
MEDICAL	129	\$1,107,576	120	\$972,544	-7%	-12%
MORTGAGE	2	\$1,300,000	4	\$4,641,000	100%	257%
PURCHASED LAND	1	\$517,500	1	\$150,000	0%	-71%
UTLILITIES / DEBT	105	\$1,643,927	83	\$1,413,228	-21%	-14%
DEBT CONSOLIDATION	15	\$792,071	17	\$895,140	13%	13%
VACATION & TRAVEL	156	\$2,204,000	133	\$1,755,773	-15%	-20%
VEHICLE	305	\$6,667,235	251	\$5,156,492	-18%	-23%
TOTALS	2447	33,704,927	2390	38,047,850	-2%	13%

A comparison between the years 2017 and 2018 shows a \$4.3M or 13% increase in the value of loans approved with a decrease of 2% in the number of loans approved. This increase in loans was mainly due to the Road Show, Xmas Dreams and Make your Life Sweeter Loans which amounted to \$4.7M, \$0.5M and \$2.9M respectively. The following loans had an increase:

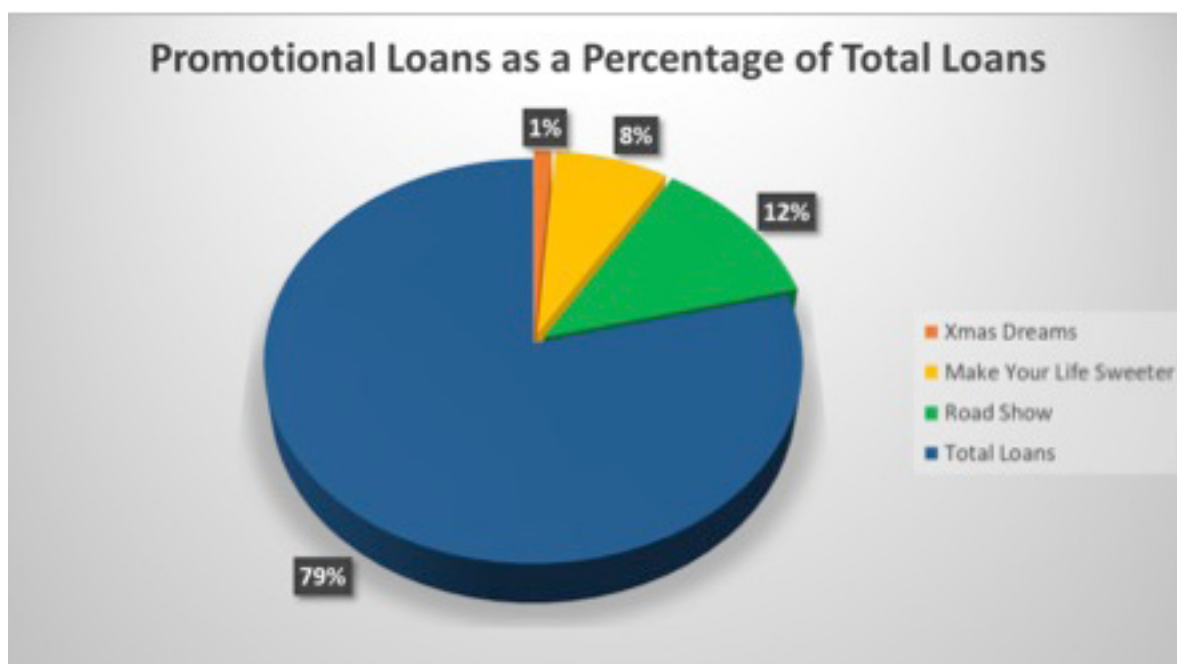
Ceremonial: 34% increase; Domestic: 76% increase; and Education: 13% increase. It should be noted that there was a 257% increase in mortgages during the period under review.

The following chart and table show approved loans by category:



LOANS BY CATEGORY	VALUE \$M	PERCENTAGE %
Business and Investment	\$1.04M	3%
Ceremonial	\$5.66M	15%
Domestic	\$8.41M	22%
Education	\$2.02M	5%
Insurance and Vehicle	\$5.19M	14%
Legal Fees	\$0.29M	1%
Medical	\$0.97M	2%
House Repairs/Land Purchase /Mortgage	\$10.4M	27%
Debt Consolidation	\$2.31M	6%
Vacation and Travel	\$1.76M	5%
Total	\$38.05M	100%

The following chart and table show promotional loans as a percentage of total loans:



TYPE OF LOAN AS A PERCENTAGE OF PROMOTIONAL LOANS	VALUE \$M	PERCENTAGE %
Total Loans	\$30.03	79%
Road Show	\$4.70	12%
Xmas Dreams	\$0.45	1%
Make Your Life Sweeter	\$2.86	8%

The Board and Management would like to thank its members and the various UWI Departments for accommodating the Credit Union during the Road Show.

DELINQUENCY

YEAR	RATIO
2018	7.36%
2017	4.54%
2016	3.91%
2015	4.16%

During 2018 the delinquency ratio increased from 4.54% to 7.36%. The Board

and Management recognizes this increase and have assigned a dedicated staff member to ensuring that the delinquency rate is controlled and reduced. The Credit Management team will continue to be persistent in its collection activities and is committed to working with members who have experienced and are experiencing challenges.

ACKNOWLEDGEMENTS

The Credit Committee wishes to thank Almighty God for a productive 2018. The Committee also wishes to express its gratitude to the Board of Directors,

General Manager, Credit Officers and other members of staff for their support during the year. We also thank the entire membership for their support, and for the opportunity to serve.



Dane Goodridge
Secretary 2018
On behalf of the Credit Committee

REPORT OF THE SUPERVISORY COMMITTEE FOR THE U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED FOR THE YEAR 2018/2019

The Supervisory Committee is pleased to present its report for the period April 2018 to March 2019.

COMPOSITION OF THE SUPERVISORY COMMITTEE

Subsequent to the election at the AGM, the Committee members met to select the Chairperson and the Secretary of the Committee. The results of this exercise is as follows:

NAME	POSITION
Deborah Isaac	Chairperson
Sophia Persad	Secretary
Tenesha Charles	Member
Judith Wright	Alternate
Joanna Mc Carter	Alternate

WORK PLAN

The Committee developed a Work Plan for the year and were able to complete reviews in the following areas:

1. Loans
2. Cash Verification
3. Occupational Safety and Health
4. Bank Reconciliation Statements
5. Education Committee
6. ACH transactions
7. Cheque signing process
8. Social and Cultural Committee
9. HR Issues
10. Follow-up on prior-year Supervisory Committee recommendations

MEETINGS AND OFFICERS ATTENDANCE

A total of 96 meetings/visits were made as follows:

NAME	POSSIBLE	PRESENT	EXCUSED	ABSENT
Deborah Isaac	96	81	15	0
Sophia Persad	96	86	10	0
Tenesha Charles	96	75	21	0
Judith Wright	n/a	n/a	n/a	n/a
Joanna Mc Carter	n/a	n/a	n/a	n/a

DETAILS OF REVIEWS

Loans

The procedure for granting loans over the period continued to be subjective. However, as recommended, the Credit Committee started providing information on the loan form to explain the rationale for approval which assisted with transparency. The process for providing the rationale will be enhanced by a new credit policy and guidelines that has been developed in response to IFRS 9 requirements. When implemented, there should be a more objective approach to approving loans.

Cash Verification

Cash verification exercises were carried out, and no issues were found regarding the holdings and recording of cash.

Occupational Safety and Health (OSH)

The Occupational Safety and Health (OSH) procedures in place at the Credit Union were reviewed, and the Committee was satisfied that the Health requirements of OSH Act 2004 amended 2006, as applicable to the Credit Union environment had been instituted. With respect to safety requirements however, although a number of measures were in place, some weaknesses relating to emergency exits, fire extinguishers, staff awareness of emergency and safety

procedures and adherence to the Credit Union's Workplace Incident Policy were identified. The Committee recommended that escape routes and emergency exits be clearly laid out and cleared of all obstructions; a schedule be developed for regular inspection of fire extinguishers; training for staff in emergency and safety procedures; and a review of the Workplace Incident Policy to incorporate missing requirements and obligations as specified in the OSH Act, and implementation of the unaddressed policy requirements.

Subsequent to the report action was taken to address aspects of the issue raised with the emergency exits.

Bank Reconciliation Statements

The Bank Reconciliation statements for the Current Account and the Savings Account were reviewed. The statements were completed in a timely manner; balancing items were properly reflected; transactions were posted in the correct period based; totals tallied; and there was evidence of review.

Education Committee

The Committee reviewed the procedures followed by the Education Committee with respect to workshop, short courses, and the award of Bursaries; and by the general office with respect to the administration of grants (SEA, CSEC/CXC, CAPE, CE). In general a consistent and systematic approach in the conduct of the activities using prescribed guidelines aligned to the requirements of the Educational Awards and Grants Policy was observed, and the Committee has been visibly seeking ways to provide training to the members of the Credit Union. However, some areas of ambiguity in the Policy were found; some omissions in implementation of certain Policy prescriptions; delays in payments of awards; an indistinct selection process for persons awarded Bursaries; and

budgeting for short courses that needed to be improved.

The Committee recommended a review of the Educational Awards and Grants Policy to remove ambiguity; adherence to, and determination of strict deadlines for the processing of grants; development of objective criteria for determining the selection of applicants for Bursaries; and a budgeting template along with a summary report and reconciliation statement to be used in planning/accounting for the workshops and short courses held.

The Education Committee has already implemented the committee's recommendation for the Bursaries and developed an assessment template.

ACH Transactions

A sample of ACH transactions (direct deposits and payments via electronic transfer) was reviewed. Apart from a minor issue identified, transactions were adequately supported. The issue raised was addressed for subsequent ACH transactions.

Cheque signing process

The cheque signing process was reviewed. We identified an area of procedural inconsistency and recommended that guidelines be established to be used by all cheque signatories.

Social and Cultural Committee

The Committee reviewed the procedures followed by the Social and Cultural Committee with respect to the Joint All Fours Competition; Children's Christmas Party; Staff Christmas party; Ole Mas & Calypso Competition, Joint Credit Union Sports & Family Day and Cricket Tournament. The review included looking at information from prior years to identify trends. It was found that the Social and Cultural Committee follows

a structured approach in the conduct of these events, and important systems to facilitate planning for the events has been established. In most instances there was a visible trend of keeping costs at or around the same level and within budget. However, the Supervisory Committee identified some areas of operation as it relates to accounting; filing; adherence to the documented rules of one of the competitions; and the approach to conflicts of interest, that needed to be addressed.

The Committee recommended a reconciliation process to account for all expenditure items against budget; a summary report/post mortem report on all events; improved filing; and consistency in dealing with conflict of interest situations.

Follow-up on Previous-year Supervisory Committee Recommendations

Arising from reviews carried out in the previous year the Committee had made 38 recommendations covering a number of areas of the Credit Union's operations. Issues relating to the cybersecurity exercise (not included in the 38) had been actioned shortly after the report was issued and are to be verified by Ernst & Young who performed the initial exercise. During the year the Committee followed up with the Board and Credit Union management to obtain feedback on whether the outstanding recommendations had been actioned.

To date 11 recommendations have been fully actioned (for example, 2 relating to security, 3 relating to processing of loans; and the members' complaint email); 3 have been partially actioned; actions relating to 6 are in progress; and there are 18 still outstanding. Some of the outstanding recommendations are policy related and are to be developed by the

Board. Others are operational and relate to verification of accounting and other records for accuracy and completeness. It is expected that the operational tasks will be actioned with the revised staffing structure.

HR Issues

During the period some HR issues arose which were of enough significance to warrant the involvement of the Supervisory Committee. The Committee was apprised of the activities being carried out and also observed the HR process followed by the Board and management to obtain assurance that it was being properly managed. The Committee was satisfied that there was transparency in the process and proper procedures were carried.

CLOSING REMARKS

The Committee wishes to thank the Board for its interest in, and willingness to address the weaknesses identified from its reviews, and the overall support provided by the Management and members of staff who facilitated our requests for information and the exercises carried out.



Deborah Isaac
Chairperson
Supervisory Committee

REPORT OF THE NOMINATING COMMITTEE OF THE U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED FOR THE YEAR 2018/2019

Dear Members,

By Letter dated June 26, 2018, the Board of the UWI Credit Union in accordance with By-Law (35a) approved the following persons to serve on the Nominating Committee for 2019:

Dr. David Dolly (Chairman)
Ms. Brenda Fraser
Mr. Cicero Lallo
Mr. Kenrick Nobbee
Ms. Marlene Saunders
Mr. Emerson John Charles

Two members, namely Messrs Lallo and Charles did not attend the interview sessions, which were held from February 25-27, 2019 and March 18, 2019.

The following members were screened and deemed fit for office in the respective committees for 2018-2019:

BOARD OF DIRECTORS

Ms. Stacy Greene Mc Neil
Ms. Kathy Ann Hogan
Ms. Unika Omawale
Ms. Meghan Sylvester
Fr. Steve West
Mr. Marlon Caesar

SUPERVISORY COMMITTEE

Ms. Tenesha Charles
Ms. Deborah Isaac
Ms. Sophia Maria Persad
Ms. Judith Wright
Mr. Keilon Campbell

CREDIT COMMITTEE

Mrs. Roxanne Ali-Hassan
Ms. Akilah Telesford
Mr. Pooran Badal
Mr. Jesille Fraser
Mr. Dane Goodridge
Mr. Reynold Johnson Jr.

The Nominating Committee was pleased with the confidence, resilience and zeal displayed by all interviewees. All the aspirants to the three committees previously listed were found to be compliant and in good financial standing.

All the candidates presented a high standard of certification and acumen in their respective professional fields. The more experienced members displayed even further development of their leadership within the organization. It is therefore commendable that the nominees appear fit and proper for their respective and intended positions.

The Committee noted that a very useful and instructive Orientation session was conducted for all nominees; however attendance at this event was less than 100 percent (100%). While this may be attributed to some members having attended the previous year's session, it is this Committee's recommendation that all nominees should have an orientation. Both the seasoned as well as the newer committee members would all benefit from this critical discourse.

It was noted that the Board, during the 2018-2019 term, had been proactive

in the use of alternates on the various Committees and Sub-Committees of the Credit Union. However the Nominating Committee wishes to recommend a more strategic approach to the inclusion of alternates on the committees to which they have been selected. This makes them better equipped to eventually serve. Although some Committee Chairs have indicated that they feel confidentiality may be compromised, this perspective is less than conducive. Also worth addressing is the issue of members of both the Credit and Supervisory Committees being screened every year. For the purpose of continuity, the by-laws should perhaps reflect that members of these committees each serve a period of three (3) years.

This Committee recommends an acceleration in updating the by-laws of the organisation; as this seems to be affecting the governance and subsequent growth of the U.W.I.CU.

The U.W.I. Nominating Committee wishes to thank the U.W.I. Credit Union for the confidence placed in us to conduct this screening. We also appreciate the cooperation provided by the Board and Management of the Credit Union, and the nominees themselves, while we completed this task.

A handwritten signature in dark ink, appearing to read 'David Dolly', with a stylized flourish at the end.

Dr. David Dolly
Chair

STATISTICAL DATA

Statistical Data

	2018	2017
Members	5215	5,098
Average share balance per member	\$39,892	\$39,575
Average loan balance per member	\$27,639	\$27,754

2018 ± 2017 (Comparative)

Total Income	-3.68%
Total Expenditure	+25.91%
Interest from Loans	-3.61%
Investment Income	-7.97%
Membership growth	+2.30%
Share withdrawals and transfers	+5.24%

Net Income and Loan Interest

Year	Net Income	Loan Interest	Total Income
2013	12,165,065	16,031,214	17,633,346
2014	13,049,437	17,646,350	19,348,274
2015	12,320,400	17,798,604	19,928,240
2016	15,557,136	18,616,503	21,508,339
2017	15,620,795	19,660,169	23,349,654
2018	12,758,573	18,951,300	22,490,285

Growth of Shares and Loans

Year	Shares	Loans
2013	154,260,806	122,183,602
2014	166,840,695	130,539,617
2015	183,820,025	127,142,226
2016	192,857,488	139,962,879
2017	201,754,258	144,551,375 (Re-stated)
2018	208,034,630	144,135,473



Chartered Accountants
& Business Advisors

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 2018



Chartered Accountants
& Business Advisors

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

I N D E X

Statement of Management Responsibilities

Independent Auditors' Report

Statement of Financial Position

Statement of Comprehensive Income

Statement of Changes in Members' Equity

Statement of Cash Flows

Notes to the Financial Statements



U.W.I. Credit Union Co-Operative Society Ltd.

118 Eastern Main Road, St. Augustine, Trinidad W.I.

Tel: 1-868-645-8526, 1-868-645-8780, 1-868-645-0619 Website: www.uwicu.tt Email: info@uwicu.tt

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of UWI Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of society operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Societies Act; and
- using reasonable and prudent judgement in the determination of estimates.

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

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

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

Signed 

27th March 2019

Signed 

27th March 2019

INDEPENDENT AUDITORS' REPORT



Chartered Accountants
& Business Advisors

The Members
UWI Credit Union Co-operative Society Limited

Opinion

We have audited the financial statements of UWI Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UWI Credit Union Co-operative Society Limited as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of UWI Credit Union Co-operative Society Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Credit Union's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we concluded that there is a material misstatement of this other information, we are required to communicate the matter to the Board of Directors.

PKF Chartered Accountants and Business Advisors (Trinidad) is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Telephone: (868) 235-5063
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

INDEPENDENT AUDITORS' REPORT (Cont'd)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Barataria
TRINIDAD
27 March 2019

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

		31 December	
	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		<u>(\$)</u>	<u>(\$)</u>
			(Restated)
Current Assets:			
Cash and cash equivalents	5	71,998,770	59,786,604
Accounts receivable and prepayments	6	<u>2,365,497</u>	<u>2,478,780</u>
Total Current Assets		74,364,267	62,265,384
Non-Current Assets:			
Other investments	7	67,816,693	68,228,172
Loans to members	8	144,135,473	144,551,375
Investment property	9	2,190,276	2,226,954
Fixed assets	10	<u>4,621,536</u>	<u>4,385,248</u>
Total Assets		<u>293,128,245</u>	<u>281,657,133</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:			
Accounts payable and accruals	11	751,253	630,706
Members' deposits	12	17,746,981	16,130,187
Members' shares	13	208,034,630	201,754,258
Provision for severance		1,275,896	1,784,265
Provision for honoraria		<u>283,067</u>	<u>150,000</u>
Total Liabilities		<u>228,091,827</u>	<u>220,449,416</u>
Members' Equity:			
Reserve Fund	15	17,608,542	16,332,140
Investment Remeasurement Reserve	16	1,912,016	2,550,730
Education Fund	17	575,001	575,001
Common Good Fund	18	118,263	190,750
Building Fund	19	4,100,059	3,950,059
Retained Earnings		<u>40,722,537</u>	<u>37,609,037</u>
Total Members' Equity		<u>65,036,418</u>	<u>61,207,717</u>
Total Liabilities and Members' Equity		<u>293,128,245</u>	<u>281,657,133</u>

These financial statements were approved by the Board of Directors and authorised for issue on 27 March 2019 and signed on their behalf by:

Director:



Chairman, Supervisory Committee:



(The accompanying notes form part of these financial statements)

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		(\$)	(\$)
Income:			
Interest on members' loans	25	18,951,300	19,660,170
Interest on investments	26	3,174,938	3,449,981
Gain on foreign exchange		122,321	39,810
Miscellaneous income		171,596	199,693
Rental income		<u>70,130</u>	<u>-</u>
		<u>22,490,285</u>	<u>23,349,654</u>
Expenditure:			
Bank charges		14,379	15,015
Board and Committee expenses	27	398,603	266,528
CUNA insurance premium		650,473	645,705
Education expenses		156,973	39,795
Expected credit losses		2,397,003	-
Interest on members' deposits		115,127	142,622
Loss on foreign exchange		-	7,694
Office security and maintenance	28	483,481	376,602
Other administrative expenses	29	1,135,165	1,765,292
Professional fees	30	774,479	369,218
Salaries and staff benefits	31	2,858,720	3,355,820
Special events	32	<u>747,309</u>	<u>744,568</u>
		<u>9,731,712</u>	<u>7,728,859</u>
Net surplus for the year		12,758,573	15,620,795
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit and loss</u>			
Net fair value (loss)/gain or financial assets classified as FVTOCI		<u>(638,714)</u>	<u>782,889</u>
Total Comprehensive Income for the year		<u>12,119,859</u>	<u>16,403,684</u>

(The accompanying notes form part of these financial statements)

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN MEMBERS' EQUITY

31 DECEMBER 2018

	Reserve Fund (\$)	Investment Remeasurement Reserve (\$)	Education Fund (\$)	Common Good Fund (\$)	Building Fund (\$)	Retained Earnings (\$)	Total (\$)
Balance as at 1 January 2018	16,332,140	2,550,730	575,001	190,750	3,950,059	37,146,462	60,745,142
Adjustment for Expected Credit Loss (IFRS9)	-	-	-	-	-	462,575	462,575
Re-stated Balance as at 1 January 2018	16,332,140	2,550,730	575,001	190,750	3,950,059	37,609,037	61,207,717
Total Comprehensive Income	-	(638,714)	-	-	-	12,758,573	12,119,859
Less: Appropriations as follows:							
10% to Reserve Fund	1,275,857	-	-	-	-	(1,275,857)	-
Education Fund	-	-	156,973	-	-	(156,973)	-
Common Good Fund	-	-	-	122,500	-	(122,500)	-
Building Fund	-	-	-	-	150,000	(150,000)	-
Add/(less) adjustments as follows:							
Donations	-	-	-	(194,987)	-	194,987	-
Education expense	-	-	(156,973)	-	-	156,973	-
Dividends paid	-	-	-	-	-	(8,291,158)	(8,291,158)
Entrance fees	545	-	-	-	-	(545)	-
Balance as at 31 December 2018	<u>17,608,542</u>	<u>1,912,016</u>	<u>575,001</u>	<u>118,263</u>	<u>4,100,059</u>	<u>40,722,537</u>	<u>65,036,418</u>

(The accompanying notes form part of these financial statements)

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

**STATEMENT OF CHANGES IN MEMBERS' EQUITY
(CONTINUED)**

31 DECEMBER 2018

	Reserve Fund (\$)	Investment Remeasurement Reserve (\$)	Education Fund (\$)	Common Good Fund (\$)	Building Fund (\$)	Retained Earnings (\$)	Total (\$)
Balance as at 1 January 2017	14,769,285	1,767,841	575,001	228,319	3,800,059	33,811,455	54,951,960
Total Comprehensive Income	-	782,889	-	-	-	15,620,795	16,403,684
Less: Appropriations as follows:							
10% to Reserve Fund	1,562,080	-	-	-	-	(1,562,080)	-
Education Fund	-	-	39,795	-	-	(39,795)	-
Common Good Fund	-	-	-	51,962	-	(51,962)	-
Building Fund	-	-	-	-	150,000	(150,000)	-
	16,331,365	2,550,730	614,796	280,281	3,950,059	47,628,413	71,355,644
Add/(less) adjustments as follows:							
Donations	-	-	-	(89,531)	-	89,531	-
Education expense	-	-	(39,795)	-	-	39,795	-
Dividends paid	-	-	-	-	-	(10,610,502)	(10,610,502)
Entrance fees	775	-	-	-	-	(775)	-
Balance as at 31 December 2017	<u>16,332,140</u>	<u>2,550,730</u>	<u>575,001</u>	<u>190,750</u>	<u>3,950,059</u>	<u>37,146,462</u>	<u>60,745,142</u>

(The accompanying notes form part of these financial statements)

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS

		31 December	
	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		<u>(\$)</u>	<u>(\$)</u>
			(Re-stated)
Operating Activities:			
Net surplus for the year		12,758,573	15,620,795
Adjustments for:-			
Expected credit loss from prior year		-	462,575
Severance benefits adjustment		(508,369)	481,441
Depreciation		495,510	392,140
Honoraria expense		280,411	143,192
Expected credit losses		2,397,003	910,709
Gain on disposal of fixed asset		<u>-</u>	<u>(27,035)</u>
Operating profit before changes in Working Capital		15,423,128	17,983,817
Working Capital Changes	33	<u>(140,080)</u>	<u>(213,685)</u>
Net cash generated from Operating Activities		15,283,048	17,770,132
Investing Activities:			
Net cash used in Investing Activities	34	(2,676,890)	(3,940,770)
Finance Activities:			
Net cash used in Financing Activities	35	<u>(393,992)</u>	<u>(1,523,744)</u>
Net change in cash and cash equivalents		12,212,166	12,305,618
Cash and cash equivalents, beginning of year		<u>59,786,604</u>	<u>47,480,986</u>
Cash and cash equivalents, end of year		<u>71,998,770</u>	<u>59,786,604</u>
Represented by:			
Cash and cash equivalents		<u>71,998,770</u>	<u>59,786,604</u>

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. **Incorporation and Principal Activities:**

The Society is incorporated under the Co-operative Societies Act of the Republic of Trinidad and Tobago on 4th May 1966. Its registered office is situated at 118 Eastern Main Road, St. Augustine. It operates a Credit Union for the benefit of employees, staff of the University of the West Indies, its successors, subsidiaries, associated companies and institutions and persons who are closely connected with the bona fide employees, pensioners and contractors as stated above and such persons and personnel of companies and institutions approved by the Board of Directors.

The Credit Union is also an agent of CUNA Caribbean Insurance Society Limited and the Unit Trust Corporation of Trinidad and Tobago.

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, rounded to the nearest dollar. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments.

(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 judgement 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 revenues and expenses 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) **Comparative information -**

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(d) New Accounting Standards and Interpretations -

The Society has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Society or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1	First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

IAS 7	Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
IAS 12	Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
IAS 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

(e) Fixed assets -

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on the straight-line basis except for building, which is depreciated on the declining balance method.

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

Office furniture	-	10%
Office equipment	-	20%
Fixtures and fittings	-	10%
Office machinery	-	33%
Air Condition units	-	20%
Building	-	4%

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

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(e) **Fixed assets (cont'd) -**

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the "Gain /Loss on Disposal" account in the Statement of Comprehensive Income.

(f) **Financial assets -**

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

- (i) the entity's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

The credit union reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of the consideration given or received.

The credit union measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The credit union uses a fair value hierarchy that categorises valuation techniques into three levels:

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

Initial measurement (cont'd)

- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Subsequent measurement

Those financial assets such as members' loans and receivables, which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss. When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

Those financial assets such as bonds, which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as *'Items that may be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on financial assets classified as at FVOCI'*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the credit union has opted, irrevocably, to measure at FVTOCI. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as *'Net FV gain/(loss) on financial assets classified at FVTPL'*. When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains/losses arising on remeasurement of equity investments, which the credit union has opted, irrevocably, to measure at FVTOCI, are recognised in OCI as *'Items that may not be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on equity financial assets classified as at FVOCI'*. When an equity investment measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but instead, transferred within equity.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

Reclassification

If the business model under which the credit union holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model. Equity instruments which the credit union opted to treat at FVTOCI cannot be reclassified

Impairment

Financial assets are amortised costs are impaired at one of two levels:

- (i) Twelve-month Expected credit loss (ECL) – These are losses that result from default events that are possible within twelve months after the reporting date. Such financial assets are at ‘Stage 1’.
- (ii) Lifetime ECL - These are losses that result from all possible default events over the life of the financial instrument. Such financial assets are at ‘Stage 2’ or ‘Stage 3’.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the twelve-month ECL.

ECL is a probability-weighted estimate of the present value of credit losses, measured as the present value of the difference between (i) the cash flows due to the credit union under contract; and (ii) the cash flows that the credit union expects to receive, discounted at the asset’s effective interest rate.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

Performing financial assets – Stage 1

For performing assets and those expected to perform normally, the loss allowance is the 12-month expected credit loss and is done immediately at initial recognition of asset.

Significant increase in credit risk – Stage 2

When an asset becomes 30 days past due, the Credit union considers that a significant increase in credit risk has occurred and the asset is deemed to be at Stage 2 and the loss allowance is measured as the lifetime ECL.

Credit-impaired financial assets – Stage 3

A financial asset is 'credit-impaired' when events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about one or more of the following events:

- (i) significant financial difficulty of the borrower or issuer;
- (ii) a breach of contract such as a default or past due event;
- (iii) granted to the borrower of a concession that the lender would not otherwise consider;
- (iv) the disappearance of an active market for a security because of financial difficulties; or
- (iv) the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

The credit union assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date. There is a rebuttable presumption that financial assets that are in defaulted for more than ninety (90) days are credit impaired. The credit union also considers a financial asset to be credit impaired if the borrower is unlikely to pay its credit obligation. To determine this, the credit union takes into account both qualitative indicators such as unemployment, bankruptcy, divorce or death and quantitative indicators, such as overdue status. The credit union used its historical experience and forward-looking information that is available without undue cost or effort. If there has been a significant increase in credit risk the credit union will measure the loss allowance based on lifetime rather than twelve-month ECL.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

Modification and Derecognition of Financial Assets

The credit union renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. This occurs particularly where, although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened. The revised terms usually include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan and /or a reduction in the amount of cash flows due. When a financial asset is modified, the credit union assesses whether this modification results in derecognition of the original loan, such as when the renegotiation gives rise to substantially different terms.

In the case where the financial asset is derecognised, the new financial asset will have a loss allowance measured based on twelve-month ECL. If, however, there remains a high risk of default under the renegotiated terms, the loss allowance will be measured based on lifetime ECL.

When the modification does not result in derecognition, the credit union will measure loss allowance at an amount equal to lifetime ECL.

Write-off

Loans and receivables are written off when the credit union has no reasonable expectations of recovering the financial asset, for example, when the credit union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the credit union's enforcement activities will result in gains.

Financial liabilities

Since the credit union does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

Critical accounting judgements and key sources of estimation uncertainty

Business model assessment:

The credit union reassess its business models each reporting period to determine whether they continue to be appropriate and if there need to be a prospective change to the classification of financial assets. This assessment includes judgement regarding:

- (i) how the performance of the assets is evaluated and measured; and
- (ii) the risks that affect the performance of the assets and how these risks are managed.

Significant increase of credit risk:

The credit union computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics:

When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The credit union monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

Valuation models and assumptions used:

The credit union uses various valuation models and assumptions in measuring the fair value of financial assets, as well as in estimating ECL. Judgement is applied in identifying the most appropriate valuation model for each type of asset, as well as in determining the assumptions to be used for each model.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

Key sources of estimation uncertainty

Probability of default (PD):

PD is an estimate of the likelihood of default over a given period of time, the calculation of which includes historical data, assumptions and expectations of future conditions. PD constitutes a key input in measuring ECL.

Loss Given Default (LGD):

LGD is an estimate of the percentage loss arising on default, and is based on the difference between the contractual cash flows due and those that the credit union would reasonably expect to receive, taking into account cash flows from collateral. It requires forecasting the future valuation of collateral taking into account sale discounts, the time and cost associated with realising collateral and seniority of claim. LGD is a key input in measuring ECL.

Fair value measurement and valuation process:

In estimating the fair value of a financial asset or a liability, the credit union uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the credit union uses valuation models to determine the fair value of its financial instruments.

Exposure at Default (EAD):

EAD is an estimate of the **total loss incurred when a member defaults**, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. EAD is a key input in measuring ECL.

Credit risk

Credit risk is the risk that a member will default on his contractual obligations resulting in financial loss to the credit union. Credit risk mainly arises from loans, and because it represents the credit union's main income generating activity, credit risk is the principal risk for the credit union.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

Credit risk management

The credit union's credit committee is responsible for managing the credit union's credit risk by:

- (i) ensuring that the credit union has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the credit union's policies and procedures, International Financial Reporting Standards and relevant supervisory guidance;
- (ii) identifying, assessing and measuring credit risk across the credit union, from an individual financial instrument to the portfolio level;
- (iii) creating credit policies to protect the credit union against the identified risks, including the obtaining collateral from borrowers, performing robust ongoing credit assessment of borrowers, and continually monitor exposures;
- (iv) as far as possible, limiting concentrations of exposure by type of loan, industry, credit rating, geographic location, etc.;
- (v) establishing a robust control mechanism for loan approval;
- (vi) categorising exposures according to the degree of risk of default;
- (vii) developing and maintaining processes for measuring ECL; and
- (viii) providing guidance to promote best practice in the management of risk.

Significant increase in credit risk

The credit union presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due, unless the credit union has reasonable and supportable information that demonstrates otherwise. The credit union has monitoring procedures to ensure that significant increase in credit risk is identified before default occurs.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

Measurement of ECL

The key inputs used for measuring ECL are:

- (i) probability of default (PD);
- (ii) loss given default (LGD); and
- (iii) exposure at default (EAD).

The credit union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The credit union's financial instruments are grouped on the basis of shared risk characteristics, such as:

- (i) credit risk grade;
- (ii) collateral type;
- (iii) date of initial recognition;
- (iv) remaining term to maturity;
- (iv) industry;
- (v) geographic location of the borrower;
- (vi) income bracket of the borrower; and
- (vii) the value of collateral relative to the financial asset.

The groupings are reviewed on a regular basis to ensure that each grouping is comprised of homogenous exposures.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

An analysis of the credit union's credit risk exposure without taking into account the effects of collateral is provided in the following tables. The amounts in the table represent gross carrying amounts.

Loans	Stage 1 12 mth ECL (\$)	Stage 2 Lifetime ECL (\$)	Stage 3 Lifetime ECL (\$)	Total (\$)
Low risk	124,498,481	-	-	124,498,481
Medium Risk	-	6,638,031	-	6,638,031
Substandard	-	-	1,603,457	1,603,457
Doubtful	-	-	8,223,878	8,223,878
Impaired	<u>-</u>	<u>-</u>	<u>8,812,187</u>	<u>8,812,187</u>
Total gross carrying amount	124,498,481	6,638,031	18,639,522	149,776,034
Loss Allowance (ECL)	<u>54,914</u>	<u>108,333</u>	<u>5,477,314</u>	<u>5,640,561</u>
	<u>124,443,567</u>	<u>6,529,698</u>	<u>13,162,208</u>	<u>144,135,473</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

The table below analyses the movement of the loss allowance on Loans to members at amortised **cost** during the year.

	Stage 1	Stage 2	Stage 3	Total
Loss allowance, beginning of year	150,842	91,769	3,432,292	3,674,903
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	16,564	-	16,564
Transfer to stage 3	-		2,045,022	2,045,022
Loss allowance on new loans	(95,928)	-	-	(95,928)
Loss allowance on derecognised loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss allowance, end of year	<u>54,914</u>	<u>108,333</u>	<u>5,477,314</u>	<u>5,640,561</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

Collateral held as security

The credit union holds the following types of collateral to mitigate credit risk associated with financial assets:

General loans	Shares in the credit union
Mortgage lending *	Deed of Mortgage on property
Vehicle loans	Deed of Mortgage on vehicles

*The credit union holds residential properties as collateral for the mortgage loans it grants to its members. The value of the collateral for residential mortgage loans is typically based on the collateral value at origination, updated based on changes in house prices. For credit-impaired loans, the value of collateral is based on the most recent appraisals.

Assets obtained by taking possession of collateral

The credit union obtained the following assets during the year by taking possession of collateral held as security against loans held at the year end. The credit union's policy is to realise collateral on a timely basis.

Property	-
Shares	-
Other	_____
Total assets obtained by taking possession of collateral	=====

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

Forward-looking information incorporated in the ECL models

The calculation of expected credit losses incorporates forward-looking information.

Regarding the loan portfolio, the Society has performed a ten-year historical analysis on the following key economic variables impacting credit risk and expected credit losses:

- GDP (current 2000 prices)
- Unemployment
- Inflation
- Interest rates
 - Lending: Non-bank Financial Institutions
 - Deposit
 - Mortgage Market Reference Rate (MMRR)

Additionally, we obtained two-year forecasts for GDP, unemployment and inflation.

This data was analysed (via regression calculations) to make the relevant correlations and linkages with the historical loan portfolio data (e.g. trends in portfolio growth, delinquency, loss allowances and write-offs). Based on the strength of the correlations we determined that GDP movements was the best macro-economic variable to be used in the PD calculations. Consequently, the delinquency and bad debt trends were analysed in relation to the GDP growth trends in order to produce the PD scores. Separate default probabilities were calculated for each loan category/sub-category in Stage 1 depending on the level of increased risk that was observed via trend and/or ratio analyses.

The result of these analyses produced the following decision table regarding to the determination of the PD relative to GDP forecasts:

Expected GDP Growth Rate @ Constant Prices	<u>Stage 1</u> Other	<u>Stage 1</u> (Member DSR > 40%)	Stage 1 (Member Salary < \$7000)	Stage 1 (Member Age 35 to 60 years)	<u>Stage 2</u> (PDLs 30 to 90 days)	<u>Stage 3</u> (PDLs 91 to 180 days)	Stage 3 (Over 180 days & Bad Debts)
- 4% to -6%	2.00%	2.13%	2.10%	2.11%	33.3%	67%	100%
-2% to 0%	1.20%	1.280%	1.259%	1.264%	33.3%	67%	100%
0% to 2%	0.72%	0.768%	0.755%	0.758%	33.3%	67%	100%
2% to 4%	0.43%	0.459%	0.451%	0.453%	33.3%	67%	100%
4% to 6%	0.26%	0.277%	0.273%	0.274%	33.3%	67%	100%
> + 6%	0.16%	0.171%	0.168%	0.168%	33.3%	67%	100%

Numerous credible sources have predicted T&T's GDP to grow by approximately 1% in 2019; consequently, the PDs relating to this forecast was used in the expected credit losses calculations.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(f) Financial assets (cont'd) -

The following table reconciles the carrying amount of the financial assets from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	IAS 39 carrying value 31/12/17	Reclassifications	ECL Remeasurement	IFRS 9 carrying value 1/1/18
Amortised Cost				
Loans to members	148,226,278	-	-	148,226,278
Impairment Allowance	<u>(6,733,909)</u>	<u>-</u>	<u>3,059,006</u>	<u>(3,674,903)</u>
	<u><u>141,492,369</u></u>	<u><u>-</u></u>	<u><u>3,059,006</u></u>	<u><u>144,551,375</u></u>
Amortised Cost				
Bank Fixed Deposits	55,102,072	4,684,532	-	59,786,604
Impairment Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>55,102,072</u></u>	<u><u>4,684,532</u></u>	<u><u>-</u></u>	<u><u>59,786,604</u></u>
	IAS 39 carrying value 31/12/17	Reclassifications	ECL Remeasurement	IFRS 9 carrying value 1/1/18
FVTOCI				
Bond Investment	15,519,411	9,355,817	-	24,875,228
Impairment Allowance	<u>-</u>	<u>-</u>	<u>(911,085)</u>	<u>(911,085)</u>
	<u><u>15,519,411</u></u>	<u><u>9,355,817</u></u>	<u><u>(911,085)</u></u>	<u><u>23,964,143</u></u>
FVTOCI				
Equity investments	59,989,724	(14,040,348)	-	45,949,376
Impairment Allowance	<u>-</u>	<u>-</u>	<u>(1,685,347)</u>	<u>(1,685,347)</u>
	<u><u>59,989,724</u></u>	<u><u>(14,040,348)</u></u>	<u><u>(1,685,347)</u></u>	<u><u>44,264,029</u></u>

While cash and cash equivalents are also subjected to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

(g) Revenue recognition -

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 #10.

Rental Income

Rental income is recognized on a straight line basis over the term of the lease.

(h) Dividends payable to members -

These dividends are computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares held at the end of each day.

(i) Comparative figures -

Where necessary, comparative data has been adjusted to conform to changes in the presentation of data in the current year. In particular, the comparative data has been adjusted to take into account the adoption of IAS 39. Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the surplus reported for the previous year.

(j) Foreign currency -

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Foreign monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange prevailing at the reporting date. Resulting translation differences and profits and losses from trading activities are included in the Statement of Comprehensive Income.

(k) Investment property -

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

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management:

Financial risk factors

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

Financial Instruments

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

Financial Instruments	2018	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and cash equivalents	71,998,770	71,998,770
Fixed deposits	67,816,693	67,816,693
Loans to members	144,135,473	144,135,473
Financial Liabilities		
Members' deposits	17,746,981	17,746,981
Financial Instruments	2017	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and cash equivalents	59,786,604	59,786,604
Other investments	68,228,172	68,228,172
Loans to members	144,551,375	144,551,375
Financial Liabilities		
Members' deposits	16,130,187	16,130,187

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

The Credit Union 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 policies employed by the Credit Union to manage these risks are discussed below:

(a) Interest rate risk -

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

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

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

i) Bonds

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

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

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

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management (Cont'd):

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

ii) Loans

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

iii) Interest rate sensitivity analysis

The Society's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

2018						
	<u>Effective Rate</u>	<u>Up to 1 year</u> (\$)	<u>1 to 5 years</u> (\$)	<u>Over 5 years</u> (\$)	<u>Non-Interest Bearing</u> (\$)	<u>Total</u> (\$)
Financial Assets						
Cash and cash equivalents	0.01%	71,958,770	-	-	40,000	71,998,770
Fixed deposits	1.33%	67,816,693	-	-	-	67,816,693
Loans to members	13.76%	<u>4,784,602</u>	<u>48,849,347</u>	<u>90,501,524</u>	<u>-</u>	<u>144,135,473</u>
		<u>144,560,065</u>	<u>48,849,347</u>	<u>90,501,524</u>	<u>40,000</u>	<u>283,950,936</u>
Financial Liabilities						
Members' deposits	2.10%	<u>17,746,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,746,981</u>
2017						
	<u>Effective Rate</u>	<u>Up to 1 year</u> (\$)	<u>1 to 5 years</u> (\$)	<u>Over 5 years</u> (\$)	<u>Non-Interest Bearing</u> (\$)	<u>Total</u> (\$)
Financial Assets						
Cash and cash equivalents	0.01%	59,746,584	-	-	40,020	59,786,604
Other investments	1.33%	68,228,172	-	-	-	68,228,172
Loans to members	13.76%	<u>817,731</u>	<u>42,464,645</u>	<u>101,217,506</u>	<u>51,493</u>	<u>144,551,375</u>
		<u>128,792,487</u>	<u>42,464,645</u>	<u>101,217,506</u>	<u>91,513</u>	<u>272,566,151</u>
Financial Liabilities						
Members' deposits	2.10%	<u>16,130,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,130,187</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management (Cont'd):

(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 reporting date. The Credit Union relies heavily on a written Loan Policy 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 Credit Union's lending philosophy; provide policy guidelines to team members involved in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

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

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

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

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Credit Union 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 Credit Union is exposed to daily calls on its available cash resources to settle financial and other liabilities.

i) Risk management

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

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

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management (Cont'd):

(c) Liquidity risk (cont'd) -

ii) Liquidity gap

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

	<u>2018</u>			Non-Interest Bearing	Total
	<u>Up to 1 year</u> <u>(\$)</u>	<u>1 to 5 years</u> <u>(\$)</u>	<u>Over 5 years</u> <u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
Financial Assets					
Cash and cash equivalents	71,958,770	-	-	40,000	71,998,770
Other investments	67,816,693	-	-	-	67,816,693
Loans to members	<u>4,784,602</u>	<u>48,849,347</u>	<u>90,501,524</u>	<u>-</u>	<u>144,135,473</u>
	<u>144,560,065</u>	<u>48,849,347</u>	<u>90,501,524</u>	<u>40,000</u>	<u>283,950,936</u>
Financial Liabilities					
Members' deposits	<u>17,746,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,746,981</u>
	<u>17,746,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,746,981</u>
	<u>2017</u>			Non-Interest Bearing	Total
	<u>Up to 1 year</u> <u>(\$)</u>	<u>1 to 5 years</u> <u>(\$)</u>	<u>Over 5 years</u> <u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
Financial Assets					
Cash and cash equivalents	59,746,584	-	-	40,020	59,786,604
Other investments	68,228,172	-	-	-	68,228,172
Loans to members	<u>817,731</u>	<u>42,464,645</u>	<u>101,217,506</u>	<u>51,493</u>	<u>144,551,375</u>
	<u>128,792,487</u>	<u>42,464,645</u>	<u>101,217,506</u>	<u>91,513</u>	<u>272,566,151</u>
Financial Liabilities					
Members' deposits	<u>16,130,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,130,187</u>
	<u>16,130,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,130,187</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

(e) Operational risk -

Operational risk is the risk that derives from deficiencies relating to the Credit Union's information technology and control systems, as well as the risk of human error and natural disasters. The Credit Union's systems are evaluated, maintained and upgraded continuously.

(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 Credit Union.

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Credit Union's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Credit Union. The Credit Union applies procedures to minimise this risk.

Fair value estimation

The fair values of the Credit Union's financial assets and liabilities approximates to their carrying amounts at the reporting date.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. The Society makes estimates and assumptions concerning the future and 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 Fair Value through Profit and Loss, Fair Value through Other Comprehensive Income or Amortised Cost.
- ii) Which depreciation method for plant and equipment is used.
- iii) Business model assessment:

The credit union reassess its business models each reporting period to determine whether they continue to be appropriate and if there need to be a prospective change to the classification of financial assets. This assessment includes judgement regarding:

- how the performance of the assets is evaluated and measured; and
- the risks that affect the performance of the assets and how these risks are managed.

- iv) Significant increase of credit risk:

The credit union computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

- v) Establishing groups of assets with similar credit risk characteristics:

When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The credit union monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

- vi) Valuation models and assumptions used:

The credit union uses various valuation models and assumptions in measuring the fair value of financial assets, as well as in estimating ECL. Judgement is applied in identifying the most appropriate valuation model for each type of asset, as well as in determining the assumptions to be used for each model.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

- i) Impairment of assets

Management assesses at each reporting 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) Probability of default (PD)

PD is an estimate of the likelihood of default over a given period of time, the calculation of which includes historical data, assumptions and expectations of future conditions. PD constitutes a key input in measuring ECL.

- iii) Loss Given Default (LGD):

LGD is an estimate of the percentage loss arising on default, and is based on the difference between the contractual cash flows due and those that the credit union would reasonably expect to receive, taking into account cash flows from collateral. It requires forecasting the future valuation of collateral taking into account sale discounts, the time and cost associated with realising collateral and seniority of claim. LGD is a key input in measuring ECL.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

iv) Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the credit union uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the credit union uses valuation models to determine the fair value of its financial instruments.

v) Exposure at Default (EAD)

EAD is an estimate of the **total loss incurred when a member defaults**, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. EAD is a key input in measuring ECL.

vi) 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 and Cash Equivalents:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
		(Restated)
Republic Bank Limited Savings Account	40,633,781	26,605,778
RBC Bank Limited - US\$ Account	45,255	45,282
Trinidad and Tobago Unit Trust Corporation	19,292,451	19,055,197
Bourse Securities Limited	3,022,634	2,995,347
Guardian Asset Management	8,963,779	11,045,000
Cash in hand	40,000	40,000
Credit Cards	870	-
	<u>71,998,770</u>	<u>59,786,604</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
VAT receivable	283,447	292,163
CUNA Claims receivable	154,296	41,300
Investment income receivable and sundry debtors	1,847,754	2,065,317
LINCU deposit	80,000	80,000
	<u>2,365,497</u>	<u>2,478,780</u>

7. Other Investments:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Fair Value Through Other Comprehensive Income:		(Restated)
Central Finance Facility investment	25,000	25,000
Firstline Securities	16,376,484	17,067,467
Trinidad and Tobago National Gas APO	2,415,446	2,199,633
ROYTRIN Mutual Funds	8,978,755	9,337,355
Trinidad and Tobago Unit Trust Corporation	4,269,465	4,272,913
First Citizens Bank Limited	2,173,027	2,047,008
KCL Giant Screen Entertainment	6,116,144	6,000,000
KCL Capital Market Brokers Limited	5,000,000	5,000,000
Amortised Cost:		
Bourse Securities Limited – National Investment Fund	1,134,118	-
KCL Capital Market Brokers	8,741,792	8,797,616
Bourse Securities Limited	11,922,008	11,506,910
JMMB Investments	572,231	558,201
Sheppard Securities Limited	<u>3,120,000</u>	<u>4,012,500</u>
	70,844,470	70,824,603
Less: Allowance for expected credit loss	<u>(3,027,777)</u>	<u>(2,596,431)</u>
	<u>67,816,693</u>	<u>68,228,172</u>
<u>Allowance for expected credit loss</u>		
Balance brought forward	2,596,431	-
Additional allowance for expected credit loss	<u>431,346</u>	<u>2,596,431</u>
Balance carried forward	<u>3,027,777</u>	<u>2,596,431</u>

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

8. Loans to Members:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
		(Restated)
Members' ordinary loans	126,600,918	125,036,227
Members' short-term loans	54,210	51,493
Members' mortgage loans	<u>23,120,906</u>	<u>23,138,558</u>
	149,776,034	148,226,278
Less: Allowance for expected credit losses	<u>(5,640,561)</u>	<u>(3,674,903)</u>
	<u>144,135,473</u>	<u>144,551,375</u>
 <u>Allowance for loan losses</u>		
Balance brought forward	3,674,903	5,823,200
Adjustment due to inclusion of collateral	-	(3,059,006)
Additional allowance for expected credit losses	<u>1,965,658</u>	<u>910,709</u>
Balance carried forward	<u>5,640,561</u>	<u>3,674,903</u>

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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9. Investment Property:

	<u>Land</u> <u>(\$)</u>	<u>Building</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Cost			
Balance as at 1 January 2018	1,310,000	1,588,208	2,898,208
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December 2018	<u>1,310,000</u>	<u>1,588,208</u>	<u>2,898,208</u>
Accumulated Depreciation			
Balance as at 1 January 2018	-	671,254	671,254
Charge for the year	<u>-</u>	<u>36,678</u>	<u>36,678</u>
Balance as at 31 December 2018	<u>-</u>	<u>707,932</u>	<u>707,932</u>
Net Book Value			
Balance as at 31 December 2018	<u>1,310,000</u>	<u>880,276</u>	<u>2,190,276</u>
Balance as at 31 December 2017	<u>1,310,000</u>	<u>916,954</u>	<u>2,226,954</u>
	<u>Land</u> <u>(\$)</u>	<u>Building</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Cost			
Balance as at 1 January 2017	1,310,000	1,588,208	2,898,208
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December 2017	<u>1,310,000</u>	<u>1,588,208</u>	<u>2,898,208</u>
Accumulated Depreciation			
Balance as at 1 January 2017	-	633,047	633,047
Charge for the year	<u>-</u>	<u>38,207</u>	<u>38,207</u>
Balance as at 31 December 2017	<u>-</u>	<u>671,254</u>	<u>671,254</u>
Net Book Value			
Balance as at 31 December 2017	<u>1,310,000</u>	<u>916,954</u>	<u>2,226,954</u>
Balance as at 31 December 2016	<u>1,310,000</u>	<u>955,161</u>	<u>2,265,161</u>

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

10. Fixed Assets:

	Land and Building (\$)	Office Furniture (\$)	Office Equipment (\$)	Fixtures and Fittings (\$)	Office Machinery (\$)	Air Condition Unit (\$)	WIP (\$)	Total (\$)
Cost								
Balance as at 1 January 2018	3,916,761	610,297	365,509	787,529	436,901	274,374	227,408	6,618,779
Additions	-	16,324	43,235	48,599	34,993	-	551,968	695,119
Transfers	376,471	5,776	14,680	94,497	60,248	15,525	(567,197)	-
Balance as at 31 December 2018	<u>4,293,232</u>	<u>632,397</u>	<u>423,424</u>	<u>930,625</u>	<u>532,142</u>	<u>289,899</u>	<u>212,179</u>	<u>7,313,898</u>
Accumulated Depreciation								
Balance as at 1 January 2018	1,085,028	352,139	219,700	238,024	271,777	66,863	-	2,233,531
Charge for the year	<u>96,308</u>	<u>42,353</u>	<u>53,780</u>	<u>76,704</u>	<u>136,607</u>	<u>53,079</u>	<u>-</u>	<u>458,831</u>
Balance as at 31 December 2018	<u>1,181,336</u>	<u>394,492</u>	<u>273,480</u>	<u>314,728</u>	<u>408,384</u>	<u>119,942</u>	<u>-</u>	<u>2,692,362</u>
Net Book Value								
Balance as at 31 December 2018	<u>3,111,896</u>	<u>237,905</u>	<u>149,944</u>	<u>615,897</u>	<u>123,758</u>	<u>169,957</u>	<u>212,179</u>	<u>4,621,536</u>
Balance as at 31 December 2017	<u>2,831,733</u>	<u>258,158</u>	<u>145,809</u>	<u>549,505</u>	<u>165,124</u>	<u>207,511</u>	<u>227,408</u>	<u>4,385,248</u>

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

10. Fixed Assets (Cont'd):

	Land and Building (\$)	Office Furniture (\$)	Office Equipment (\$)	Fixtures and Fittings (\$)	Office Machinery (\$)	Air Condition Unit (\$)	WIP (\$)	Total (\$)
Cost								
Balance as at 1 January 2017	3,406,681	457,336	332,203	599,944	309,877	86,240	599,850	5,792,131
Additions	7,425	35,142	-	3,999	5,681	-	816,936	869,183
Disposals	-	(11,762)	(8,487)	-	(22,286)	-	-	(42,535)
Transfers	502,655	129,581	41,793	183,586	143,629	188,134	(1,189,378)	-
Balance as at 31 December 2017	<u>3,916,761</u>	<u>610,297</u>	<u>365,509</u>	<u>787,529</u>	<u>436,901</u>	<u>274,374</u>	<u>227,408</u>	<u>6,618,779</u>
Accumulated Depreciation								
Balance as at 1 January 2017	1,005,871	312,575	170,828	168,417	206,826	33,415	-	1,897,932
Charge for the year	79,157	39,564	56,726	69,607	75,431	33,448	-	353,933
Disposals	-	-	(7,854)	-	(10,480)	-	-	(18,334)
Balance as at 31 December 2017	<u>1,085,028</u>	<u>352,139</u>	<u>219,700</u>	<u>238,024</u>	<u>271,777</u>	<u>66,863</u>	<u>-</u>	<u>2,233,531</u>
Net Book Value								
Balance as at 31 December 2017	<u>2,831,733</u>	<u>258,158</u>	<u>145,809</u>	<u>549,505</u>	<u>165,124</u>	<u>207,511</u>	<u>227,408</u>	<u>4,385,248</u>
Balance as at 31 December 2016	<u>2,400,810</u>	<u>144,761</u>	<u>161,375</u>	<u>431,527</u>	<u>103,051</u>	<u>52,825</u>	<u>599,850</u>	<u>3,894,199</u>

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

11. Accounts Payable and Accruals:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Interest on members' fixed deposits	56,859	65,607
Accruals	343,147	204,443
Stabilization Fund	39,644	45,434
Stale-dated cheques	205,383	166,572
Vacation leave payable	103,175	145,610
UTC Member transactions	<u>3,045</u>	<u>3,040</u>
	<u>751,253</u>	<u>630,706</u>

12. Members' Deposits:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Members' fixed deposits	10,525,834	9,489,925
Target deposits	<u>7,221,147</u>	<u>6,640,262</u>
	<u>17,746,981</u>	<u>16,130,187</u>

13. Members' Shares:

The capital of the Credit Union consists of unlimited number of shares of **\$5.00** each.

Members' share balances are represented by members' share purchases and accumulated dividends, which are classified into shares of **\$5.00** each.

In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2, redeemable shares have been treated as liabilities.

UWI CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

14. Proposed Dividends:

for the year ended 31 December 2018, the Board of Directors has proposed a dividend of **\$6,740,364** or 3.5% (**\$7,831,677** or 4.00% in 2017) and an interest rebate on Ordinary Loans of **\$689,378** or 4.5% (**\$464,007** or 3.00% in 2017) and on Unsecured and Demand Loans of **\$81,219** or 5.5% (**\$62,609** or 4.00% in 2017). This dividend is subject to approval by the membership at the Annual General Meeting and has not been included as a liability in these financial statements in accordance with IAS 10.

15. Reserve Fund:

In accordance with the Co-operative Societies Act, Chapter 81:03, Section 47 (2) and By-Law 16 of the Credit Union, at least 10% of the net surplus for the year of the Credit Union is to be charged to the reserve fund.

16. Investment Re-measurement Reserve:

In accordance with By-Law 33 (x) and IAS 39, the Board of Directors has created an investment re-measurement reserve which includes unrealised gains/losses on available-for-sale investments.

17. Education Fund:

In accordance with By-Law 16 (a) of the Credit Union, an amount not exceeding 5% of the net surplus for the year, after making provision for the Reserve Fund, is transferred to an Education Fund. This fund is to be used for educational purposes, in accordance with the By-Laws.

18. Common Good Fund:

This reserve includes appropriations transferred from Retained Earnings, as considered necessary by the Board of Directors.

19. Building Fund:

This reserve includes appropriations transferred from Retained Earnings, as considered necessary by the Board of Directors.

20. Employees:

The number of employees in the Credit Union at 31 December 2018 amounted to 16 (2017 - 15).

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

21. 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:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Assets		
Loans to directors and key management personnel and related persons	3,846,409	4,171,458
Deposits and other liabilities		
Deposits held by directors and key management and related parties	187,167	223,320
Shares		
Shares held by directors and key management	2,540,402	2,814,425
Income		
Directors and key management personnel	43,270	644,535
Interest and other expenses		
Directors and key management personnel	302,784	213,104
Key management compensation	-	373,385

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

22. **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. See Note 2 (e). Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable 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.

(b) **Members' loans -**

Loans are net of general allowances for losses as follows:

<u>Arrears</u>	<u>Rate</u>
3 - 6 months	33.0%
6 - 9 months	66.6%
9 - 12 months	100.0%

Specific allowances are also made when loans are recognised as impaired. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The rate 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 quoted market prices.

(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.

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

23. 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, and 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, and comprises members' shares, reserves and retained earnings.

24. Capital Commitment:

The Society has no capital commitments for 2018 and beyond.

25. Interest on Members' Loans:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Interest on ordinary loans	16,872,968	17,830,591
Interest on mortgage	<u>2,078,332</u>	<u>1,829,579</u>
	<u>18,951,300</u>	<u>19,660,170</u>

26. Interest on Investments:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Interest on savings account	43,821	30,166
Investment income	<u>3,131,117</u>	<u>3,419,815</u>
	<u>3,174,938</u>	<u>3,449,981</u>

27. Board and Committee Expenses:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Meeting	118,192	123,336
Honoraria	<u>280,411</u>	<u>143,192</u>
	<u>398,603</u>	<u>266,528</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

28. Office Security and Maintenance:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Office expenses	276,732	203,803
Building maintenance	152,423	117,756
Security	7,000	8,527
Insurances	47,326	46,516
	<u>483,481</u>	<u>376,602</u>

29. Other Administrative Expenses:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Advertising and promotion	57,942	24,223
Annual general meeting	118,441	124,353
Depreciation	495,510	392,140
Donations	194,987	89,531
League dues	5,000	5,000
Loan loss expense	-	910,709
Miscellaneous	32,194	6,878
Printing, postage and stationery	58,703	57,716
Stabilization Fund	39,644	45,434
Travelling and subsistence	10,800	13,070
Utilities	121,944	96,238
	<u>1,135,165</u>	<u>1,765,292</u>

30. Professional Fees:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Legal and professional fees	<u>774,479</u>	<u>369,218</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

31. Salaries and Staff Benefits:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Ex gratia payments	33,315	-
Group Life and Health	30,879	29,393
National Insurance contributions	151,213	132,142
Salaries	2,061,871	2,388,348
Staff bonus and benefits	1,250	38,492
Pension payments	189,996	137,670
Training and development	390,196	148,334
Severance benefit expense	<u>-</u>	<u>481,441</u>
	<u>2,858,720</u>	<u>3,355,820</u>

32. Special Events:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Bursaries and awards	79,750	61,411
Conventions and seminars	333,209	347,537
Credit Union Week	51,040	52,402
Social and cultural activities	<u>283,310</u>	<u>283,218</u>
	<u>747,309</u>	<u>744,568</u>

33. Working Capital Changes:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Net change in accounts receivable and prepayments	(113,283)	(298,119)
Net change in accounts payable and accruals	120,547	177,626
Honorarium paid	<u>(147,344)</u>	<u>(93,192)</u>
	<u>(140,080)</u>	<u>(213,685)</u>

U.W.I. CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

34. Net Cash Used in Investing Activities:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Additions to property, plant and equipment	(695,119)	(869,183)
Proceeds from the disposal of fixed assets	-	51,236
Net change in other investments	(432,015)	(682,625)
Net change in loans to members	<u>(1,549,756)</u>	<u>(2,440,198)</u>
	<u>(2,676,890)</u>	<u>(3,940,770)</u>

35. Net Cash Used in Financing Activities:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Increase in members' shares	6,280,372	8,896,770
Net change in members' deposits	1,616,794	189,988
Dividends paid on members' shares	<u>(8,291,158)</u>	<u>(10,610,502)</u>
	<u>(393,992)</u>	<u>(1,523,744)</u>

RESOLUTIONS

Be it resolved that an allocation of \$1,275,857 representing 10% of the Net Surplus for the Year Ended 31st December, 2018 be credited to the Reserve Fund

Be it resolved that an allocation of \$156,973 of the Net Surplus for the Year Ended 31st December, 2018 be credited to the Education Fund

Be it resolved that an allocation of \$122,500 of the Net Surplus for the Year Ended 31st December, 2018 be credited to the Common Good Fund

Be it resolved that an allocation of \$150,000 of the Net Surplus for the Year Ended 31st December, 2018 be credited to the Building Fund

Be it resolved that a Dividend of 3.5% (\$6,740,363.51) on Shares be approved and that same be distributed in cash to members in good financial standing.

Be it resolved that an Interest Rebate with respect to loans be approved and applied in the Following manner:

- (1) 4.5% (\$689,377.64) in respect of Ordinary Loans; and
- (2) 5.5% (\$81,218.69) in respect of Unsecure/Demand Loans

Be it resolved that an allocation of 2.5 % of the Net Surplus for the Year Ended 31st December, 2018 be approved and paid as Honorarium for 2018.

Be it resolved that the firm of PKF (Trinidad) be retained as Auditors for the Financial Year Ending 31st December, 2019

PAYMENT OF DIVIDENDS

Dear Member

Please be advised that, subject to the approval of the resolution for dividend distribution at the Annual General Meeting, ALL dividends will be paid to Members via ACH on Friday April 12th, 2019.

Members who DO NOT wish to have ALL dividends sent to their bank accounts are asked to complete the form below and return it to the Credit Union office not later than Wednesday April 10th, 2019.

Members without bank information will have their Dividend credited to their Special Deposit Account. Withdrawals will be subject to compliance with the Know Your Customer requirements.



Heather Thurab-Schulz (Mrs.)
General Manager
March 22nd, 2019



To : The General Manager, U.W.I. C.U.

Please allocate my 2019 dividend payment as indicated below:

Option 1 ☐ All to Loan (Ordinary/Demand/Unsecured)

Option 2 ☐ All to Target Deposit

Option 3 ☐ _____

Please specify clearly

Name in Block Letters

Signature

Credit Union Account Number _____

APPENDIX 1

Services Offered by U.W.I. Credit Union

- Awards for Excellence (in National, International Education & Sports)
- Bursaries (5) – 1 Community, 4 Members
- CAPE/A level Grants
- Departmental Representatives for the Dissemination of Information
- Direct bank transfers from credit union accounts
- Dividend on Shares
- Educational Programmes
- Family Indemnity via CUNA Mutual Group (Death Benefit)
- Financial Counselling
- Financial Planning
- Financial Plans for Retirees
- Fixed Deposits
- Insurance on Loans up to \$100,000.00
- Legal Advice
- Linx acceptance
- Loans (Ordinary, Home Improvement, Mortgage, Small Business) at Competitive Rates
- Personal Pension Plan via CUNA Mutual and UTC
- Secondary Entrance Assessment Grants
- Social, Cultural and Sporting Programmes
- Special Incentives on Savings
- Special Programmes for Youth and Retired Members
- Target Deposit (Savings) Account
- Telephone Enquiry (24-Hour) on Account via CUTES 663-8032
- Online statements and internal account transfers

WHAT IS IFRS 9?

IFRS 9 is short for International Financial Reporting Standards and replaces IAS 39 Financial Instruments -recognition and measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and sets out how financial institutions should:

- Calculate provisions for bad debt on loans and;
- Classify and measure other types of financial instruments

The IFRS 9 Expected Credit Loss (ECL) framework require financial institutions to adopt a forward looking approach to timely recognise credit losses based on future expectations whereas, the prior model only recognised credit losses when the loss was apparent. Expected Credit Loss or the forward looking approach, creates larger loan loss because they include estimates of future losses that have not yet been incurred.

The Impact of the IFRS9 Standard to The Credit Union and the Membership

- Enhanced Risk Assessment Process- tighter credit scoring to be implemented in the loan approval and appraisal processes before a loan is granted. Therefore, borrowers may find it challenging to access credit.
- Increase Expenses- financial institutions will have to provide greater provision for areas that are deemed high risk. Financial institutions will need to reassess their product offering and risk management.
- Erosion of Surplus and Dividend – a provision is an expense and this reduces the surplus at the year end. Additionally, a percentage of the surplus is allocated to the reserve accounts which further reduce the amount of money available to distribute as dividend.

The Benefits of Adopting the IFRS 9 Standards to the Credit Union and the Membership

- Satisfy Regulatory requirements
- Increase sustainability of the Credit Union
- Better Credit Portfolio Management-prevent assets from slipping in the category of “under-performing”
- Unqualified Audit Report by the External Auditors

Notes