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ANNUAL
REPORT | **2018**



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**Eastern
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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.



VISION

We will be the premier financial co-operative regionally
with an international presence exceeding members'
economic and social expectations

MISSION

We are a dynamic financial co-operative delivering
superior quality service to our membership in
accordance with sound business practices

CORE VALUES

Member Focused | Honesty and Integrity | Innovativeness
Accountability | Professionalism | Confidentiality | Impartiality

STRATEGIC PRIORITIES

Generate Sales Revenue | Improve Customer Service | Reduce Delinquency
Intensify Member Engagement | Reinforce Compliance & Risk Management

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President's Message



Our Regulator - Members of the office of the Commissioner of Co-operative Development (CCD); our National Bodies: the Co-operative Credit Union League of Trinidad and Tobago (CCULTT) Directors, Directors of the Association of Co-operative Credit Union Presidents of Trinidad and Tobago (ACCUPTT), and directors of the Central Finance Facility (CFF); our credit union brothers and sisters who support us; our specially invited guests and of course our members, inclusive of three Group Executive Managers who recently acquired their International Credit Union Development Education (ICUDE) designations, and whose efforts have once again placed us in a position of pride amongst our peers; welcome to Eastern Credit Union's 45th AGM where you will discover that once again we have been successful in the management of our collective affairs.

There continues to be challenges brought on by the current state of the economy, but challenges can be overcome with collaboration. We are extremely pleased to report to you that despite everything, we have been able to satisfy our auditors that we have complied with all the required standards and therefore our 2018 audited accounts are unqualified. You would recall that in 2016 and 2017 we received qualified accounts as a result of our IT system failure. I am happy to advise that these matters have been resolved satisfactorily and we are ready to face the future much stronger today. We thank our management and staff for their continued efforts and also advise that we have settled the outstanding agreements between our organization and the union with respect to improved terms and conditions of employment... We continue to collaborate with others in our business and together we continue to improve.

Together, members, we can therefore report that we have grown in many areas and we see additional potential for growth. After the challenges that we faced with our IT infrastructure which is now behind us, we have focused on building a sustainable business. This is why our current focus is on our service delivery. Through deliberate upgrades to our branch infrastructure we are striving to provide excellent service to our members.

As we look to the future we will also focus on the quality of governance, our recruitment and retention policies, our promotion and training agenda and its relevance to our new circumstances. Your Board of directors continues to support network wide training for staff and elected officials in a range of skills designed to make ECU a more relevant credit union, able to deliver in today's environment. This includes sales training for all front-line staff and their supervisors; more robust onboarding processes for elected officials and realigning the staff group to meet the needs of the contemporary business model.

We know that our strategies are appropriate because they are delivering the results that we planned. Our financial performance continues to improve as we expected and in 2018 our results were better than 2017, our assets increased by \$84,078,886; our shares by \$26,219,594; deposits by \$33,307,233; and our surplus by \$2,433,748. The active engagement by the Board, management and staff with the external auditors on IFRS 9 implementation has accounted for some level of increased efficiency in the performance, but it has also highlighted the need for a more diversified income stream.

EPL Properties Limited, our subsidiary, must now play a greater role in the performance of the credit union. EPL's mandate is to provide the parent with a measure of diversified income, and this year its contribution to the Society is expected to be in the region of \$1 million

as compared to last year's contribution of \$800,000. We are in the process of developing a plan to enhance our income stream by way of acquiring, developing and selling real estate.

As we reflect on the year just concluded there is much that we have achieved, but as we look to the future we see signs that we must be concerned about, and therefore for 2019 our theme is ***Navigating the Future Together.***

We began this journey by recognizing that we needed a New Experience, A New Reality and a New Attitude. Then we embraced change and as the circumstances changed supported what we owned, we supported our credit union. Today we must navigate our future together.

We must continue to explore our strengths, reduce our costs and provide for our new members. Technology is changing the way business is being conducted and therefore we must embrace technological change or we may become irrelevant. Our challenge will continue to be how to serve our current members while attracting new members. Your board has equipped the management with the tools necessary for this task and we look forward to their ideas and solutions with great anticipation.

I wish to place on record my thanks to the leadership provided to this organization by the management who steered us through these difficult times supported by your Board of Directors, we have stabilized the organization and we will continue to build on our foundation of people helping people.

I look forward to a very positive meeting today.



Wayne Estrada
President

Notice and Agenda

Notice is hereby given that the Forty Fifth (45th) Annual General Meeting (AGM) of Eastern Credit Union Co-operative Society Limited (hereinafter called Eastern Credit Union) will take place at the Regency Ballroom of the Hyatt Regency Trinidad, 1 Wrightson Road, Port of Spain on Saturday 15th June 2019 at 10.00am.

AGENDA

10.00 AM

- 1 National Anthem
- 2 Invocation/Credit Union Prayer
- 3 Reading of Notice convening the 45th Annual General Meeting
- 4 Adoption of Standing Orders
- 5 Credentials Report
- 6 Welcome Remarks
- 7 Confirmation of Minutes of the 44th Annual General Meeting of Sunday 20th May 2018
- 8 Matters Arising from the Minutes
- 9 Reports
 - i. Board of Directors Report
 - ii. Auditors' Report
 - iii. Consolidated Audited Financial Statements 2018
 - iv. Nominating Committee Report
 - v. Credentials Report
- 10 Election of Officers
- 11 Credentials Report
- 12 Other Reports
 - i. Supervisory Committee
 - ii. Credit Committee
 - iii. Education Committee
- 13 Resolutions
- 14 General Business
- 15 Closing Observations



Ronald Bobb
Secretary

N.B.

- Registration begins at 8.00 am.
- Please present VALID NATIONAL IDENTIFICATION (i.e. National ID, Passport, Driver's Permit) for Registration.
- Proof of membership must be provided for minors (i.e. Birth Certificate or valid Passport).
- ONLY MEMBERS of the Eastern Credit Union Co-operative Society Limited will be allowed access to the meeting.
- To facilitate catering arrangements, members are required to pre-register at any Branch, or by contacting the Call Center at 800-4ECU (4328) by Friday 7th June, 2019.

Standing Orders

1. (a) Where possible, a Member shall stand when addressing the Chair.
(b) Contributions are to 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/she shall immediately take his/her seat.
3. No Member shall address the meeting except through the Chairman.
4. A member shall not speak for more than three (3) minutes on any one subject.
5. A Member may not speak twice on the same subject except:
 - (a) The Mover of a Motion who has the right of reply.
 - (b) He/ she rises to object or to explain (with the permission of the Chair).
6. The Mover of a "Procedural Motion" (Adjournment, Lay on the table, Motion to Postpone) shall have no right of reply.
7. No contributions are to be made after the "Question" has been put and carried or negated.
8. A Member rising on a "Point of Order" is to state the point clearly and concisely, (A "Point of Order" must have relevance to the "Standing Orders".
9. (a) A Member shall not "Call another Member to order" but may draw the attention of the Chair to a "Breach of Order".
(b) In no event can a Member call the Chair to order.
10. A "Question" shall not be put to the vote if a Member desires to speak on it or move an amendment to it, except a "Procedural Motion: The Previous Question" "Proceed to the Next Question" or the closure: "That the Question be Now Put" may be moved at any time.
11. Only one amendment should be put before the meeting at one and the same time.
12. When a motion is withdrawn, any amendment to it falls.
13. The Chairman shall have the right to a "casting vote".
14. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
15. Provision is to be made for the protection by the Chairman from vilification (personal abuse).
16. No member shall impute improper motives against another member.
17. Any member who has been admonished on two (2) occasions and persists to ignore the admonishment will not be permitted to speak for the remainder of the meeting.
18. Cellular Phones should be switched off during the course of the meeting. The Chairman may ask a member, who disturbs the meeting by using his/her cellphone, to leave the meeting.
19. Electronic recording of the proceedings is prohibited unless prior permission is obtained from the Chairman.

Minutes of the 44th Annual General Meeting of Eastern Credit Union Co-Operative Society Limited

Held on Sunday May 20, 2018
at the Regency Ballroom, Hyatt Regency Trinidad
No. 1 Wrightson Road, Port of Spain

1.0 NATIONAL ANTHEM

The Chairman, Mr. Wayne Estrada, called the meeting to order at 10.20 a.m. and a recorded version of the National Anthem was played.

2.0 INVOCATION/CREDIT UNION PRAYER

Mr. Christopher Power (Chaguanas Branch), did the invocation and also led members in reciting the Credit Union Prayer.

3.0 1ST CREDENTIALS REPORT

A Credentials Report at 9.45 a.m. revealed that five hundred and forty-eight (548) members were present.

4.0 NOTICE OF MEETING

The Secretary, Mr. Ronald Bobb, read the Notice and Agenda of the 44th Annual General Meeting of Eastern Credit Union Co-operative Society Limited (ECU).

The Notice of the Meeting and Agenda were unanimously adopted on a motion moved by Mr. Mahmud Muhammad (Tunapuna Branch) and seconded by Mr. Anthony Skeete (Port of Spain Branch).

5.0 ADOPTION OF STANDING ORDERS

The Standing Orders were unanimously adopted on a motion moved by Mr. James Thomas (Port of Spain Branch) and seconded by Ms. Jacquelyn Humphrey (Port of Spain Branch).

6.0 2ND CREDENTIALS REPORT

A Credentials Report at 10.04 a.m. indicated that six hundred and seventy-one (671) members were in attendance.

7.0 WELCOME REMARKS/PRESIDENT'S ADDRESS

The President/Chairman, Mr. Wayne Estrada, read the President's Message which outlined the following achievements of ECU:

- 1) Hosted signature events: Annual Diabetes Walk, Children's Christmas Party, SEA Workshops, Photography Competition and Credit Union Management Programme.

- 2) Strengthened ECU's Compliance Programme.
- 3) Engaged fellow credit unions on the new International Financial Reporting Standard(IFRS) 9.
- 4) Changed the governance structure to reflect the amended Bye-Laws, by electing a Secretary to the Board of Directors from among Directors.
- 5) Strengthened relationship with the Co-operative Credit Union League of Trinidad and Tobago, North East Regional Chapter, Association of Co-operative Credit Union Presidents of Trinidad and Tobago, Central Finance Facility and Caribbean Confederation of Credit Unions.
- 6) Shared space at ECU's facilities, and services with fellow credit unions.

He also indicated that ECU intends to work towards:

- Building a mini La Joya type facility in Tobago
- Providing added shared services to credit unions
- Strengthening ECU's fit and proper and fit for purpose policies.

The President acknowledged the under-mentioned former Presidents of Eastern Credit Union and other specially invited guests in attendance:

Mr. Reynold Cooper	-	Former Head of the Public Service & Former President of Eastern Credit Union
Mr. Thomas Henry	-	Former President of Eastern Credit Union
Mr. Gary Cross	-	-do-
Mrs. Gloria Rolingson	-	-do-
Ms. Alana Blackman	-	-do-
Mr. Nigel Matthew	-	-do-
Mr. Lennox Marcelle	-	-do-
Mr. Martin Minguel	-	President, Rhand Credit Union
Mr. Aldric Neptune	-	Police Credit Union
Ms. Rhonda Joseph	-	Co-operative Division, Ministry of Labour and Small Enterprise Development
Ms. Debra Ann Scott	-	-do-
Mrs. Paula Labarrie-Mitchell	-	-do-
Mrs. Andrea McKenna-James	-	-do-
CUNA Representatives	-	CUNA
Mr. Dwayne Rodriguez-Seijas	-	PricewaterhouseCoopers
Ms. Krystle George	-	-do-
Mr. Kerry Benjamin	-	-do-
Ms. Kai-Leigh Phillip	-	Girwar and Deonarine (Attorneys at Law)
Ms. Esme Raphael	-	President, Central Finance Facility

He also introduced Directors at the Head Table, acknowledged the Group CEO, the Deputy CEO and the Executive Managers of Eastern Credit Union and also stated that Directors Cyril Barran and Marlon Mark Phillips were absent due to their attendance at a Leadership Conference of the Co-operative Credit Union League in Panama.

The Group CEO in an overview of organization's operations indicated that Eastern Credit Union had been negatively affected by the following:

- Change in policymaker's view of credit unions, as a result of which, credit unions were now obliged to conform to a host of new regulatory requirements.
- Declining energy revenues (from \$28B in 2008 to \$1B in 2017).

The spinoff effects of the above were as follows:

- Non-receipt of deductions from some Government agencies, on behalf of members
- Increased level of delinquency
- Share erosion
- Postponement of operating decisions by ECU because of uncertainty regarding cash flow.

Despite the above, the following initiatives were undertaken:

- a) Rectified IT issues
- b) Enhanced IT infrastructure by upgrading software to venture into chip technology
- c) Upgraded computers
- d) Implemented the receipt printing strategy at Branches allowing for electronic signatures
- e) Instituted measures to address delinquency.

ECU has embraced change and, therefore, going forward, ECU will continue to:

- Develop business intelligence capabilities;
- Look at real-time information gathering and presentation of that data;
- Institute measures to improve data quality to allow for better decision making, more accurate reporting, analysis and planning;
- Develop capabilities to allow ECU to offer any service to anybody whenever they wish.

8.0 3RD CREDENTIALS REPORT

A Credentials Report at 10.45 a.m., indicated that eight hundred and ninety-four (894) members were present.

9.0 ANNUAL REPORT 2017

The following amendments were made to the Annual Report 2017:

- (a) Page 11, Minutes of 43rd Annual General Meeting: After Item 16.0, insert, *"At 1.15 p.m. there was a break for lunch."*
- (b) Page 30, Board of Directors Report: In the penultimate paragraph, first line, delete "and former".
- (c) Page 42, Credit Committee Report: In the first paragraph, change "27,726" to "27,526".
- (d) Page 57, Nominating Committee Report: At Item 2, in the fifth line, change the words that are joined to "environment particularly" and "of the".
- (e) Page 59, Nominating Committee Report: In the first paragraph, third line, change the words which are joined to "such, upon being" and in the next line, delete "not".
- (f) Nomination Profiles:
 - Page 67, under the name "David Taitt", second bullet point, delete "Credit Union League Chairman" and insert "Credit Union League Supervisory Committee Chairman".
 - Page 68, under the name "Kirk Ferguson", third bullet point, delete "Member" and insert "Chairman".

On a motion moved by Mr. James George Thomas (Port of Spain Branch) and seconded by Ms. Joan Hinds (San Fernando Branch) the Annual Report 2017, as amended, was taken as read.

10.0 CONFIRMATION OF MINUTES OF THE 43RD ANNUAL GENERAL MEETING

The Minutes of the 43rd Annual General Meeting, as amended, were unanimously confirmed on a motion moved by Mr. Mahmud Muhammad (Tunapuna Branch) and seconded by Mr. Brian Brown (Port of Spain Branch).

11.0 4TH CREDENTIALS REPORT

A Credentials Report at 11.30 a.m. indicated that one thousand and seventy-five (1,075) members were present.

12.0 MATTERS ARISING FROM MINUTES

Members observed one minute's silence for members who passed during the 2017 calendar year. Special reference was made of Mr. Terrence Jules, formerly of the Co-operative Division, Ministry of Labour, Small Enterprise Development who performed the role of Returning Officer at ECU's 2017 AGM.

The following feedback was provided to issues raised at the 2017 AGM:

i. Review of pricing strategy and emphasis on product pricing and product relevance

This exercise was finalized and ECU is in the process of creating a revised suite of products geared to specific segments of the membership and also rebranding its products.

ii. IT Infrastructure

PricewaterhouseCoopers (PwC) conducted an IT diagnostic and all issues identified were addressed except that of revamping the hardware infrastructure. This is being addressed. PwC also undertakes biannual reviews to identify any gaps.

iii. Passbooks/Quarterly Statements

Requests from senior members to retain passbooks will be considered. The process of making statements more user friendly is ongoing. However, statements can be requested at Branches.

iv. Washrooms/Other Amenities

The provision of washrooms for members' convenience at the Port of Spain Branch is part of an on-going project of the Board of Directors and will be satisfied in due course. Some significant issues addressed at the Port of Spain Branch include, provision of shade on the pavement along Park and Frederick Streets so that members can be protected from the elements before the Branch opens; and, accessibility made easy for the differently-abled.

v. AGM Guests

One reason why guests are invited to the AGM is because ECU is part of the Co-operative Movement and is affiliated with a number of co-operative bodies locally, regionally and internationally. ECU therefore adheres to the sixth principle of co-operatives which is: co-operation among co-operatives.

13.0 5TH CREDENTIALS REPORT

A Credentials Report at 12.04 p.m. indicated that one thousand one hundred and sixty-eight (1,168) members were present.

14.0 BOARD OF DIRECTORS' REPORT

The Board of Directors' Report, having been taken as read earlier in the proceedings, was tabled for discussion. Members made the under-mentioned comments on the Report:

- In the "Overview" section of the report, in future, include statistical data to support the information provided.

- No evidence was seen regarding any action taken to improve customer service, strengthen member care or intensify member engagement. One reason for ongoing poor performance may have to do with outdated systems, another inadequate or unsuitable performance management system and a third, the superimposition of technology on obsolete systems and processes.
- Open some Branches on Saturdays to handle loans as a means of improving customer service and increasing revenue.
- Employees need to be more informed, as in many instances they cannot supply basic information to members.
- One suggestion was that the Risk Management Committee should be combined with the Investments Committee. An opposing view was that it should be maintained as a separate entity since risk is a major variable in financial institutions. The Committee should focus its attention on three main risk factors: Cybercrime, Fraud and Reputational Risk.
- Assess the viability of maintaining the Bureau de Change especially since the licence is obtained at a cost.
- In addition to listing the various Committees, information on their performance, the work done and whether all Directors were appointed to Committees should be included.

The Group CEO outlined a number of deliverables earmarked to transform the system:

- Review of the performance management system now that the job evaluation exercise has been completed.
- Negotiations with the union with regard to altering job descriptions and job expectations.
- Institute mechanism to train all employees as financial analysts.

The following feedback was given in response to comments made or queries raised:

- Issues identified by a member survey were addressed.
- Improvements were made to the Arima, Sangre Grande, Barataria and Tobago Branches.
- Search is ongoing for a suitable location to house the Chaguanas Branch.
- The Administrative Floor was renovated and refurbished and named the "Stephanie Wilson Administrative Floor" in honour of one of ECU's founders.

- Relocation of the Accounts Department to the top floor of the Arima Branch which formerly housed EPL's Banquet Hall and Conference Facilities.
- The EPL/ECU Memorandum of Understanding (MOU) Committee was established to review the relationship between both parties, the use of human resource capital and to develop service level agreements.

On a motion moved by Mr. Trevor Rogers (Tunapuna Branch) and seconded by Mr. Nigel Matthew (St. Joseph Branch), the meeting was suspended for lunch.

1.25 p.m.: Meeting suspended.

2.50 p.m.: Meeting resumed.

14.1 Adoption

The Board of Directors' Report, as amended, was unanimously adopted on a motion moved by Mr. Christopher Power (Chaguanas Branch) and seconded by Mr. Anthony Skeete (Port of Spain Branch).

15.0 6TH CREDENTIALS REPORT

A Credentials Report at 1.03 p.m. revealed that one thousand two hundred and seventy-eight members were present (1,278).

16.0 AUDITOR'S REPORT

Mr. Dwayne Rodriguez-Seijas of PricewaterhouseCoopers read the Auditor's Report and provided the following responses to questions raised:

- With regard to the suggestion that the Consolidated Accounts along with separate ECU Financials should be presented at the AGM, the Auditor indicated that this is a decision for ECU to make. However, he expressed the view that whatever ECU owns is what should be presented to the AGM, which is the Group's performance.
- The qualification will be removed once there is sufficient evidence that the amount earmarked for provisioning is reflective of the collateral being held across the loan portfolio.

16.1 Acceptance

The Auditor's Report was unanimously accepted on a motion moved by Mr. Kirk Ferguson (Tunapuna Branch) and seconded by Mr. James George Thomas (Port of Spain Branch).

17.0 CONSOLIDATED AUDITED FINANCIAL STATEMENTS, 2017

The Group CEO presented highlights of the Consolidated Audited Financial Statements for the year ended December 31, 2017. He also stated that in order to make its processes more efficient and to reduce cost ECU is looking at:

- Payment process efficiency.

- Increased use of electronic payment channels to facilitate more efficient settlement and reduce cost.
- Improving administration on the claim side of the business and the FIP. A team has been assigned to treat with collateral security, and another team ensuring that IOCs are up to date, and related documents are secured.

17.1 Acceptance

On a motion moved by Mr. Christopher Power (Chaguanas Branch) and seconded by Mr. Gary Cross (St. Joseph Branch), the Consolidated Audited Financial Statements for the year ended December 31, 2017 were adopted.

18.0 2018 BUDGET

The Group CEO presented the 2018 Budget for discussion. The Budget was amended at page 2, by changing "Budget 2017" to "Budget 2018".

19.0 7TH CREDENTIALS REPORT

At 4.45 p.m. it was reported that a Credentials Report at 2.30 p.m. revealed that one thousand, three hundred and eighty-two (1,382) members were present.

20.0 NOMINATING COMMITTEE REPORT

The Chairman of the Nominating Committee, Director Stephanie Benjamin, presented the Report of the Nominating Committee which highlighted the following:

- Thirty (30) individuals participated in the 7th Annual Credit Union Organization and Management Programme from October 9, 2017 to November 11, 2017.
- The Board agreed in January 2018, that approval should be sought from the Accreditation Council of Trinidad and Tobago to have the Credit Union Organization and Management Programme accredited.

Members recommended that:

- Competencies should be set for the Board of Directors, Supervisory and Credit Committees. Also, members should be given ample time to acquire the requisite competencies.
- Candidates' qualifications should be included in the Nomination Profile.

20.1 Adoption

The Report of the Nominating Committee, as amended, was unanimously adopted on a motion moved by Mr. James George Thomas (Port of Spain Branch) and seconded by Mr. Trevor Rogers (Tunapuna Branch).

21.0 ELECTION OF OFFICERS

Ms. Deborah Ann Scott, Returning Officer conducted the elections.

Some members objected to the fact that the President was seated at the Head Table while the voting took place, although he was a candidate. The Returning Officer explained that the Chairman of the AGM is the President and he would remain to chair the meeting to its conclusion.

21.1 Election Results

Board of Directors

Names	Votes	Tenure
Wayne Estrada	330	3 years
Ronald Bobb	239	3 years
Kendra Persad	237	3 years
Gerard Mathews	224	3 years
Richard Noray	202 (1 st Substitute)	
Lyndon Williams	178 (2 nd Substitute)	
Don Isaac	177	
Darius Figuera	169	
Trevor Rogers	118	
James Thomas	102	
Duke Pollard	49	
Narada Latchman	26	

Supervisory Committee

Names	Votes	Tenure
Ann Marie Arnaud-Thomas	252	2 years
David Taitt	236	2 years
Camille Rolingson	206 (1 st Substitute)	
Dionne Compton	152 (2 nd Substitute)	
Deryck Cyrus	115	
Hollis Kent	45	

Credit Committee

Names	Votes	Tenure
Shezrae Nesbitt	244	2 years
Patricia Ward	228	2 years
Jacquelyn Humphrey	178 (1 st Substitute)	
Kirk Ferguson	148 (2 nd Substitute)	
Mahmud Muhammad	93	
Sharmela Dilraj-Boodoo	77	
Marlene Stafford	58	

21.2 Destruction of Ballots

A motion for the destruction of the ballots (physical and electronic) as well as the tally, moved by Mrs. Pearl Yatali-Gonzales (Barataria Branch) and seconded by Ms. Rosita Sandiford was approved.

22.0 SUPERVISORY COMMITTEE REPORT

The Chairman of the Supervisory Committee, Ms. Stacy Alleyne, presented the Report. Some highlights of the Report were the Committee's:

- support for the implementation of a peer review system to evaluate both elected Officials and the performance of Committees;
- recommendation that Management should explore the return of passbooks, especially to the elderly.

22.1 Adoption

The Report of the Supervisory Committee was unanimously adopted on a motion moved by Mr. James George Thomas (Port of Spain Branch) and seconded by Mr. Harvey Borris (Barataria Branch).

23.0 CREDIT COMMITTEE REPORT

The Credit Committee Report which was taken as read earlier in the proceedings was tabled for discussion and the Chairman, Mr. Delroy Burris, provided adequate responses to questions raised.

The Report indicated that:

- The Committee dealt with an increased demand for share withdrawals and share-to-loan transfers.
- Nineteen (19) members sought meetings with the Committee for assistance, and all were dealt with favourably.
- A total of 27,526 loans were approved by the Credit Union in 2017.
- While consumer loans accounted for the largest number of loans, the highest value of loans disbursed was in the mortgage category.

The Committee recommended that a centralized Collections Unit be set up and assigned responsibility for all loans in arrears, from day one to the realization of collateral held against those loans.

23.1 Adoption

On a motion moved by Mr. Gary Cross (St. Joseph Branch) and seconded by Ms. Loma Warner (Barataria Branch), the Report of the Credit Committee, as amended, was unanimously adopted.

24.0 EDUCATION COMMITTEE'S REPORT

The Chairman of the Education Committee, Mr. Clyde Herbert, provided a summary of the Report. Apart from its regular activities, the Education Committee has earmarked the following events for the 2018–2019 term:

- Resumption of the “Youth Conversation”.
- Mathematics Contest, “Magnificent Mental Minds – 2018”.
- Project to acknowledge contributions of senior citizens to the growth and sustainability of Eastern Credit Union.

24.1 Adoption

The Report of the Education Committee was unanimously adopted on a motion moved by Mr. James George Thomas (Port of Spain Branch) and seconded by Ms. Joan Hinds (San Fernando Branch).

25.0 RESOLUTIONS

1. Patronage Refund

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada and seconded by Mrs. Pearl Yatali-Gonzales (Barataria Branch):

Be it resolved that a Patronage Refund of 7% be declared for the financial year ended 31st December 2017 and credited to members' Deposit Accounts.

2. Dividends

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada, on behalf of the Board, and seconded by Mr. David Taitt (St. Joseph Branch):

Be it resolved that in accordance with Bye-Laws 15(b) (v) a dividend of 2.5% be approved for the financial year ended 31st December 2017 to be credited to members' Share Accounts consistent with Bye-Law 25 (c) (i); and be it further resolved that dividends due to members whose accounts have become delinquent be credited to their outstanding loan and interest balances.

3. Special Shares

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada, on behalf of the Board, and seconded by Ms. Helen Bernard (St. Joseph Branch):

Be it resolved that in accordance with Bye-Law 6 (a) (1), 6 (b) (1), (ii) and (iii), a dividend of 7% be declared and credited to members' Deposit Accounts and be it further resolved that dividends due to members whose Special Share Accounts are below the required amount be credited to their Special Share Accounts.

4. Appointment of Auditors

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada, on behalf of the Board, and seconded by Mrs. Bernadette Stewart (St. Joseph Branch):

Be it resolved that the firm PricewaterhouseCoopers be retained as the Auditors for the year 2018.

5. Education Fund

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada, on behalf of the Board, and seconded by Ms. Loma Warner (Barataria Branch):

Be it resolved that in accordance with Bye-Law 25 (b), 3% of the realized surplus for the financial year ended 31st December 2017 be appropriated to the Education Fund.

6. Maximum Liability

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada, on behalf of the Board, and seconded by Mr. David Taitt (St. Joseph Branch):

Be it resolved that the Maximum Contingent Liability to be maintained by Eastern Credit Union Co-operative Society Limited be fixed at \$3.0 billion for the year 2018.

7. Loan Write-Offs

The following Resolution was unanimously approved on a motion moved by Mr. Wayne Estrada, on behalf of the Board, and seconded by Mr. David Taitt (St. Joseph Branch):

Be it resolved that 1,647 accounts valued at \$33,551,857.99 representing accounts that were statute barred and where efforts to collect have been pursued and seemed uncertain, be written-off against provisions set aside for such loans.

26.0 OTHER BUSINESS**26.1 General Issues**

Member made the following suggestions:

- a) Revamp/address inadequate phone system.
- b) Faded receipts are the norm nowadays. Members should either photocopy or photograph receipts using cell phone.
- c) Collaborate with larger credit unions to consider investment opportunities such as constructing small plazas as a means of generating wealth, providing rental space to members who own businesses and keeping the movement from further decline.

- d) Organize training for members on the Financials, Budget and how to invest.
- e) ECU should collaborate with Government to be able to offer first time homeowners an interest rate of 2% on mortgage loans.
- f) ECU is not flexible enough in accommodating members to obtain loans. Consider the extension of repayment period.
- g) Some children have overgrown the children's facility provided at the Annual General Meeting.
- h) Establish a youth arm of the Credit Union

Complaints from members were as follows:

- Payments in respect of the Family Indemnity Plan (FIP) were not forwarded to CUNA, despite the fact that money was available in the member's account and the issue was drawn to the attention of the Branch on a few occasions.
- Written requests made for transfer of account from one branch to another did not materialize.
- Although registration for the AGM was advertised to commence at 8.00 a.m., no personnel was available to facilitate members who arrived on time. Also, no signage was in place to direct preregistered members.
- It is easier for a member to access a loan to purchase a Navara than a loan to build a house at a lesser cost.

The following responses were provided to some questions raised:

- A fee is charged for use of ECU's ATM. However, members over the age of 50 who are in possession of an Evolution 50 Account can use the ATM at no charge.
- Members who are not satisfied that their issues are being addressed should bring them to the attention of the Branch Manager and eventually to the Group CEO, if necessary.
- If someone covered under the FIP dies and it is discovered that ECU had not been forwarding monthly payments to CUNA, the claim will be honoured by CUNA. Members should, however, make regular checks to ensure their payments are made to CUNA.
- The incident which took place at the Arima Branch is under Police investigation. Also, the security mechanism at all branches has been enhanced.

26.2 Door Prizes

Three door prizes sponsored by CUNA and five (5) from ECU were drawn and presented to the lucky winners.

27.0 ADJOURNMENT

There being no further business the meeting was adjourned at 7.20 p.m.

A handwritten signature in dark ink, appearing to read 'Ronald Bobb', is positioned above the printed name and title.

Ronald Bobb
Secretary

Executive Management Team



Steve Albino
DEPUTY CHIEF EXECUTIVE OFFICER



Sherry-Ann McDonald-Joseph
GROUP FINANCIAL COMPTROLLER



Kester Regis
GROUP EXECUTIVE MANAGER
MARKETING, RESEARCH AND
BUSINESS DEVELOPMENT



Stacey Bravo-Chaitram
EXECUTIVE MANAGER
BRANCH OPERATIONS AND
FINANCIAL ADVISORY SERVICES



Anne Marie Alexander
EXECUTIVE MANAGER,
CREDIT ADMINISTRATION (AG.)



Charlene Webb-Brereton
HEAD, INFORMATION TECHNOLOGY



Thayne Borel
INTERNAL AUDITOR



Cecil Gittens
SECURITY CO-ORDINATOR

Board of Directors



Wayne Estrada
PRESIDENT



Marlon Mark Phillips
VICE PRESIDENT



Ronald Bobb
SECRETARY



Francisca Lassalle
ASSISTANT SECRETARY



Gerard Mathews
EXECUTIVE MEMBER



Cyril Barran
DIRECTOR



Wendy Williams
DIRECTOR



Janelle Benjamin
DIRECTOR



Clyde Herbert
DIRECTOR



Lindhurst Murray
DIRECTOR



Kendra Persad
DIRECTOR



Richard Noray
DIRECTOR



Lyndon Williams
SUBSTITUTE

Board of Directors Report for the Fiscal Year 2018

1. Board Members

Following the 44th Annual General Meeting the Board of Directors comprised of the following persons:

President	Wayne Estrada
Vice President	Marlon Mark Phillips
Secretary	Ronald Bobb
Asst. Secretary	Francisca Lassalle
Executive Director	Gerard Mathews
Director	Cyril Barran
Director	Wendy Williams
Director	Janelle Benjamin
Director	Clyde Herbert
Director	Lindhurst Murray
Director	Kendra Persad
Director	Stephanie Benjamin
1 st Substitute	Richard Noray
2 nd Substitute	Lyndon Williams

In August 2018 Director Stephanie Benjamin resigned. The first substitute Mr. Richard Noray, filled the consequent vacancy in accordance with our Bye-Laws and became a full member of the Board.

2. Executive Management Team

Our Executive Management Team comprised the following persons:

Group Chief Executive Officer	Conrad Enill
Deputy Chief Executive Officer	Steve Albino
Group Financial Comptroller	Sherry Ann Mc Donald-Joseph
Group Executive Manager, Human Resources	Jessell Moraldo-Cumberbatch
Group Executive Manager, Marketing, Research and Business Development	Kester Regis
Executive Manager, Branch Operations and Financial Advisory Services	Stacey Bravo-Chaitram
Ag. Executive Manager, Credit Administration	Anne Marie Alexander

Head, Information Technology	Charlene Webb-Brereton
Security Co-ordinator	Cecil Gittens
Internal Auditor	Thayne Borel

Both Mr. Conrad Enill, Group Chief Executive Officer and Ms. Jessell Moraldo-Cumberbatch, Group Executive Manager, Human Resources exited the organization on October 03rd, 2018 and January 04th, 2019 respectively.

Following the Annual General Meeting which was held on 20th May, 2018, the Board of Directors hosted an Orientation Retreat for the Board and Management of Eastern Credit Union and its Subsidiary EPL Properties Ltd. Participants were given an overview of the challenges facing the organization and to identify solutions in a priority order with the view achieving the goals of the Strategic Plan 2017-2019.

In an ever changing economic and social environment, and the need to respond effectively to the needs of our growing membership, the Board continued to vigorously pursue the objectives in our Strategic Plan. These priorities as outlined in page 2 of the brochure are as follows:

- Generate Sales Revenue
- Improve Customer Service
- Reduce Delinquency
- Intensify Member Engagement
- Reinforce Compliance and Risk Management

3. Overview

The global economy continued to strengthen in 2018, amid growing risks to a possible trade war principally between the United States and China. Petroleum prices remained stable and natural gas supported a year on year performance. Inflation remained stable and saw global growth increase. In the Caribbean we witnessed the ravages of natural disasters, while others had to resort to the IMF for assistance.

In 2018 economic activity in Trinidad and Tobago slowed, with declining revenues resulting in cutbacks in government expenditures. Even though, Government, the biggest employer, generally maintained its employment levels, the same could not be said of the private sector. However, the end of 2018, saw a possible increase in the unemployment rate, with the closure of Petrotrin and the massive lay-off at the Telecommunications Services of Trinidad and Tobago (TSTT).

The foreign exchange market continued to remain very tight, as importers complained about being unable to meet their commitments to their overseas clients. The Government continues to manage their debt, while keeping the economy relatively stable.

4. Financial Performance

A review the financial performance for the year 2018 suggests that the society displayed some resilience to the challenges faced as its surplus grew from \$54.2 million in 2017 to \$56.7 million in 2018, representing an increase of 4.3 percent. This was achieved despite the 7.7 percent reduction in interest income from \$166.4 million in 2017 to \$154.5 million in 2018 and the 6.24 percent decline in overall income from \$196.6 million to \$185.0 million over the same period. The value of the loan portfolio continued the downward trend that began in 2016, declining by 3.54 percent from \$1.364.5 billion at the end of 2017 to \$1.317.5 billion in 2018, consistent with the trends observed in the wider financial sector. However, a more favourable picture emerged with share and deposit growth with balances amounting to \$1.442 billion and \$456.3 million respectively at the end of 2018 compared to \$1.416 billion and \$423.0 million in the previous year. Overall, the asset base of the Society strengthened by 3.8 percent in 2018 as it grew from \$2.134 billion in 2017 to \$2.218 billion in 2018. Members' equity also increased, bolstered by an enhanced reserve fund that rose from \$103.6 million in 2017 to \$109.3 million in 2018.

It must be pointed out that the figures for the year 2016 and 2017 that were submitted in the financial statements presented to the membership during the Annual General Meeting held in 2018 have been restated to reflect a reduction in the loan loss provision due to a revaluation of the collateral held against the loans in these years. The auditors uncertainty about the accuracy of the loan loss provisions previously estimated had resulted in a qualified audit opinion being given in the years 2016 and 2017. The auditors are now satisfied with the provision values as presented in these financial statements. The impact of the restatement is explained in greater detail in the Notes to the Financial Statements.

Based on its performance in 2018 and taking into consideration the need to strengthen our reserves and improve our institutional capital, your Board of Directors agreed to recommend a dividend of 2.25 percent on their Redeemable Shares, a dividend of 5 percent on Special Shares and a patronage refund of 7.5 percent for the financial year ended 31st December 2018. This decision means that our members will benefit almost immediately from a total dividend payout of \$ 33.1 million and a patronage refund of \$11.6 million will be distributed to our borrowing members, effectively reducing their cost of borrowing. These are benefits that only the members of cooperative financial institutions or credit unions can enjoy.

Summary of Highlights 2016-2018

	2016	2017	2018
Dividend on Special Shares	5.0%	7.0%	5.0%
Patronage Refund	5.0%	7.0%	7.5%
Dividend on Redeemable Shares	2.0%	2.5%	2.25%
Surplus	\$91.9m	\$54.2 ¹	\$56.7m
Institutional Capital	9.2%	9.7%	9.8%

¹ The surplus for the year 2017 is restated in the 2018 Financial Statements.

5. The Internal Operations

The Board of Directors gave priority to ensuring that the organization achieved and maintained compliance with the regulatory requirements as prescribed by the Central Bank of Trinidad and Tobago and the International Accounting Standard, IFRS9, which became effective in January 2018.

Over the reporting period, the organization was able to make improvements in the following areas:

- Security of its IT network
- Making its ATM network chip compliant

With the heavy workload, Directors increased their level of oversight to ensure they met their fiduciary and regulatory responsibilities. In achieving this, the Board appointed the Directors of its subsidiary EPL Properties Ltd, formed sub-committees and assigned Directors to these Committees with responsibilities for specific areas. These Committees were as follows:

- i. Waiver
- ii. Information, Communication and Technology
- iii. Corporate Governance & Bye-Laws
- iv. Human Resources & Industrial Relations
- v. Finance, Investment & Tenders
- vi. Delinquency
- vii. Risk Management
- viii. Sales & Marketing
- ix. ECU/EPL Memorandum of Understanding (MOU)
- x. AGM Stakeholders
- xi. Policy Review Evaluation

The list of Committee members is shown on page 33 of this brochure.

6. Delinquency

As the economy continues to remain depressed, we have seen some of our members unable to meet their commitments to service their loans, due to events in part to which they have no control. We have continually asked members to come in and discuss with officers if their situation had changed, in order that arrangements can be made for them to meet their obligations.

The organization has increased its resources in treating with the delinquency issue, and this had a positive impact on the ratio by the end of December 2018. We thank staff for their unwavering dedication to keep the delinquency levels down.

7. Staff Accommodations

In its continuous effort to ensure that both staff and our members conduct business in a comfortable environment the Board of Directors has given approval to enter into lease arrangements for three years, for our Chaguanas and Sangre Grande Branches.

The new home of the Chaguanas Branch is located at 74, Ramsaran Street, Chaguanas while our Sangre Grande Branch is to be relocated to premises at the corner of George Street and Eastern Main Road, Sangre Grande. The Board will continue its efforts to improve the environment for both staff and members.

8. Industrial Relations

The Board of Directors is pleased to announce that after a protracted period of negotiations agreement was reached with the representative trade union, the Banking, Insurance and General Workers Union (BIGWU) for new Collective Agreements for our employees in Bargaining Units 1,2 and 3 for the periods March 1, 2016 - February 28, 2019; May 1, 2015 - April 30, 2018 and August 1, 2016 - July 21, 2019 respectively. We wish to extend our thanks to the parties involved for their contribution to an amicable settlement and look forward to an enhanced spirit of productivity in the months and years ahead.

9. Attendance at Conferences

In its continuing effort to afford elected officials and staff, to participate in conference and training programmes both locally and abroad, to keep abreast of developments that impact on the operations, the undermentioned conferences and seminars were attended by our delegates/ nominees.

- Caribbean Development Education Programme (CaribDE) - Jamaica - March
- Caribbean Conference of Credit Unions - Trinidad - June 2018
- World Council of Credit Unions - Singapore - 2018
- Annual Leadership Conference of the Credit Union League of Trinidad and Tobago (CCULTT)

10. Affiliate Organisations

a) **Co-operative Credit Union League of Trinidad and Tobago (CCULTT)**

We maintain our membership with this umbrella body and participated in some of their activities, inclusive of credit union month. One of our Directors Mr. Wayne Estrada is a member of the Board.

b) **North East Regional Chapter (NERC)**

By us being a League member, we are part of this Chapter. Mr. Wayne Estrada served as President, Mrs. Gloria Rolingson as Secretary, whilst Mr. Ronald Bobb, Ms. Janelle Benjamin, and David Taitt served as Directors. Mrs. Wendy Williams served on the Supervisory Committee. Monthly Chapter meetings are held on our compound at La Joya. We participate in all the Chapter activities.

c) **Association of Credit Union President of Trinidad and Tobago (ACCUPTT)**

We continue to be a member of this body and take part in some of their social and business activities which address current issues.

d) **Central Finance Facility (CFF)**

The Society's affiliation with them is supported by our shareholdings of \$200,000.

e) **CUNA Caribbean Insurance**

This is one of our trusted partners, who continue to provide us with insurance protection through its products and services, which enable us to become financially secure. The Family Indemnity Plan (FIP) is one of them.

11. Acknowledgement

The Board of Directors wishes to express its gratitude and appreciation to all members of staff, under the leadership of former CEO Conrad Enill and Ag. CEO Steve Albino for their commitment to duty.

We also wish to thank the outgoing Directors whose terms of office have come to an end. These include Asst. Secretary Francisca Lassalle and Directors Clyde Herbert, Lindhurst Murray and Richard Noray, all of whom made invaluable contributions to the leadership team during the year.

We thank all the members of the Supervisory, Credit, Nominating and Education Committees who performed their roles in an exemplary manner.

12. Obituaries

We express our sincere condolences to relatives and friends of our deceased members who passed during the calendar 2018, among them was former director and distinguished member, Mr. Cuthbert Alvarez.

Abelto, Christiana 10/7/18	Ali, Shalima 4/18/18	Bain, Glenford 7/8/18	Bernard, Chobwera 8/18/18
Abraham-Alleyne, Marva 11/11/18	Ali, Sheldon 12/26/18	Baird, Charles 9/4/18	Blackman, Dixie Ann 8/8/18
Adams-Cordner, Julia 6/3/18	Allen, Kelvin 4/1/18	Balkaran, Steve 4/29/18	Blake, Isla 9/25/18
Agard, Thelma 6/19/18	Alleyne, Elmo 7/7/18	Baptiste, Philmore 4/6/18	Blondell, Jameson 2/4/18
Agard, Annis 11/1/18	Alleyne, Mervin 9/12/18	Baptiste, Leonard 4/17/18	Blugh, Elna 8/21/18
Agostini-McShine, Marva 6/25/18	Alvarez, Cuthbert 8/20/18	Baptiste, Shaquille 4/18/18	Boatswain, Joseph 4/6/18
Albert, Claudette 8/26/18	Andrews, Courtney 10/28/18	Baptiste, Nicole Hazel Ann 5/1/18	Boisselle, Cynthia 9/11/18
Alexander, Hendrickson 4/2/18	Archibald, Nick 7/31/18	Baptiste, Hayden 7/11/18	Boodhi, Manghroo 5/25/18
Alexander, Herbert 4/20/18	Arnold, Omaj 9/23/18	Baptiste, Beresford 9/14/18	Boodoo, Binmatee 4/23/18
Alexander, Jerome 5/27/18	Arrendell, Kevin 8/6/18	Barnwell, Marva 10/4/18	Borrel, Sharon 8/14/18
Alexander, Simon 7/22/18	Ashton, Joseph 4/21/18	Bartoo, Rupnarine 1/22/18	Boucaud, Yvonne Cynthia 10/13/18
Alexander, Roslyn 11/14/18	Augustus, Michelle 2/16/18	Beckles, Roy 6/16/18	Brathwaite, Keith 1/31/18
Alexande, Nevin 11/22/18	Ayers-Solomon, Ann Marie 10/5/18	Beckles, Mona 7/12/18	Brathwaite, Joan 8/12/18
Alexander, Kelvin 12/18/18	Bacchus-Baptiste, Veronica 4/4/18	Bedasie, Boodoo 5/8/18	Brathwaite, Teddy 8/17/18

Browne, Veronica 3/6/18	Charles, Elizabeth 10/29/18	Diaz-Carter, Semoy 6/5/18	Forde, Kareem 4/14/18
Bruce, Brendon 4/27/18	Chester-Joseph, Ann Marie 1/29/18	Dinchong-Greenidge, Phyllis 1/18/18	Forde, Lyndon 5/20/18
Butler, Keith 7/5/18	Chunun, Ramdeo 9/4/18	Dorant, Jeffrey 4/21/18	Foy, Joezanie 10/4/18
Byam, David 3/25/18	Clarke, Vernon 4/15/18	Douglas, Suyien 6/23/18	Francis, Jasmin Frances 3/5/18
Caballero, Glenda 11/21/18	Clarke, Winston 8/10/18	Dowlath, Anthony 9/27/18	Francis, Margaret 9/3/18
Caliste, Joycelyn 3/26/18	Clarke, Sylvia Juliana A 12/20/18	Doyle, Earl 11/18/18	Franklin, Aubrey 1/5/18
Callender, Jeannette 7/22/18	Codrington, Glenroy 1/24/18	Duncan, Joan 3/12/18	Gabriel, Adrian 6/26/18
Campbell, Listra 3/27/18	Collymore, Lorna 7/26/18	Eccles, Diane 1/7/18	Gajadhar, Wilma 1/10/18
Campbell, Charles 11/6/18	Cordner, Anthony 1/13/18	Edwards, Gildharry 3/14/18	Ganesh, Sookyah 5/2/18
Carrington, Shurma 3/21/18	Cox, Balcha 1/28/18	Edwards, Catherine 12/1/18	Gangaram, Gangapersad 1/19/18
Carter, Felix 8/7/18	Cox, John 5/17/18	Edwards, Verona 12/2/18	George, Albert 2/21/18
Chadee, Courtney 8/21/18	Creese, Don 1/19/18	Edwards Jimmy 12/21/18	Gervais, Anna 9/23/18
Charles, Stephen 2/4/18	Cummings, Mc Millan 12/26/18	Edwards-Dempster, Elmi 1/2/18	Gill, Clarence 10/19/18
Charles, Faith 2/25/18	Dallah, Savitri 12/1/18	Elie, Franklin 3/3/18	Goindoo, Kirt 6/11/18
Charles, David 2/26/18	Daly, Kathleen 1/14/18	Emamalie, Isha 1/26/18	Gomez, Ann 4/8/18
Charles, Errol 5/7/18	Daniel-John, Thelma 3/21/18	Farrell, Christopher 9/3/18	Gomez, Corey 6/28/18
Charles, Derrick 6/16/18	Dattoo, Ronald 2/22/18	Farrell, Edwin 10/3/18	Graham, Margaret Angela 6/26/18
Charles, Leon 7/29/18	Davis-Wildman, Shelley Ann 2/27/18	Fergis, Jenelle 12/11/18	Grant, Kenrick Joshua 4/7/18
Charles, Cecil 8/22/18	De Four, Leonora 2/17/18	Fernandez, Devon 1/8/18	Grant-Bernard, Vercile 6/27/18
Charles, Sylbert 8/22/18	De Freitas, Eileen 8/7/18	Fleary, Glenford 2/27/18	Gray, Edward 7/24/18
Charles, Claudette 9/4/18	Demas, Joycelyn 8/22/18	Flemming-Scott, Janice 3/27/18	Greenaway, Rawlins 3/31/18
Charles, Albert 9/10/18	Dennis, Gerard 7/17/18	Forbes, Davis 3/30/18	Greig, Godfrey 5/2/18

Griffith, Denise 2/23/18	James, Cherron 4/16/18	Langton, Cross 2/25/18	Mills, Ada 5/21/18
Groome, Augustine 1/8/18	James, Keron 10/19/18	Lavia, Margaret 4/24/18	Mills, Darryl 7/18/18
Guerra, Melissa 3/3/18	John, Louise 3/28/18	Lee, Charles 2/15/18	Mitchell, Thora 2/16/18
Gumbs, Sherry 8/11/18	John, Ashton 4/17/18	Lewis, Lenore 1/12/18	Mitchell, Isaiah 4/22/18
Halls, Marie 9/19/18	Johnson, Noel 8/4/18	Lewis, Marjorie 8/16/18	Mohammed, Lena 3/27/18
Hamlet, Faith 5/25/18	Johnson, Jacqueline 8/15/18	Lewis, Rennie 10/28/18	Mohammed, Nizam 5/2/18
Harper, Alfred 6/15/18	Jones, Melanie 5/11/18	Lewis, Kenrick 12/15/18	Mohammed, Khazina 7/6/18
Harriot, Steve 4/2/18	Jones-Ramcharan, Ena 10/28/18	Lokai, Karlene 10/23/18	Monsegue, Irma 11/18/18
Harry, Samuel 8/17/18	Jordan, Richard 2/12/18	Loney, Ashton 12/25/18	Moolchan, Benedict 8/2/18
Hazarie, Dane 7/25/18	Jordan, Hyacinth 3/16/18	Mack-Williams, Margaret 12/23/18	Morgan, Angel 1/16/18
Headley, Sandra 7/17/18	Joseph, Margarita 2/17/18	Maharaj, Bridgemohan 12/11/18	Morgan, Winston 5/17/18
Hensley, Ingrid 1/17/18	Joseph, Herbert Jr. 3/12/18	Mahase, Sookdaye 7/4/18	Morris, Michael 10/16/18
Hernandez, Patricia 9/2/18	Joseph, Cassie 5/4/18	Maikoo-Joseph, Lynette 6/21/18	Morris-Whiskey, Denyse 4/3/18
Hillaire, Arthur 12/24/18	Joseph, Sherma 11/3/18	Manoo, Vinod 10/5/18	Moses, Eldica 5/4/18
Hislop, Wendell 8/25/18	Joseph, Moorfield 12/11/18	Marshall, Hellen 12/25/18	Murphy, Vaughn 7/22/18
Holder, Ian 9/13/18	Keller, Amin 12/2/18	Martin, Kenrick 5/26/18	Murray, Michael 2/27/18
Honore, Phillip 4/15/18	King, Darren 4/16/18	Matthew, Costella 8/11/18	Murray, Rainer 4/12/18
Jacelon, Kevon George 2/9/18	King, Joan 7/24/18	Maynard, Denise 5/9/18	Murray-Ventour, Dorothy 6/29/18
Jackson, Chevonne 12/4/18	Kissoon, Poonia 6/5/18	Mc Clarence, Gary 9/27/18	Murrell, Rosanna 5/7/18
Jacob, Rudolph 12/7/18	Kistow, Horace 9/28/18	Mc Kenzie, Annette M 6/26/18	Musgrave, Petrina 2/5/18
Jadoobir, Diaram 4/14/18	Kydd, Vida Rosannah 3/19/18	Meltz, Akil 6/24/18	Naipaul, Brenda 3/19/18
Jaggeessar, Khimraji 12/30/18	Lake, Kenrick 10/22/18	Miller, Desron 8/20/18	Newsam, Jean 4/25/18

Newton, Victor 9/14/18	Primus, Theophilus 3/18/18	Scott, Glen 1/11/18	Telesford, Dexter 12/12/18
Nicholas, Olga 7/15/18	Punnette, Jean Maria 9/6/18	Sealey, Edwin 6/6/18	Tenia-Lee, Henrietta 10/10/18
Nicholas, Sarah 11/4/18	Quintal, Kerron 3/9/18	Semper, Cynthia 9/14/18	Theodore, Keseon 6/14/18
Ottley, Akeil 2/2/18	Ragoobar, Michelle 1/23/18	Singh, Ishwar 1/28/18	Theodore, Cheryl Ann 7/27/18
Owen, Clive 9/8/18	Ramdial, Magdalene 2/7/18	Singh, Balroop 12/3/18	Thomas, Kevin 7/13/18
Pacheco, Rosemary 12/28/18	Ramirez, Kryston 12/16/18	Smith, Clifton 3/28/18	Thomas, Aaron 12/8/18
Parson, Gerald 5/22/18	Ramjit, Clifford 1/8/18	Smith, Kirt 8/15/18	Thomas, Alban 12/23/18
Pascal, Elaine 9/10/18	Ramjit, Bernadette 6/16/18	Smith, Gemma 8/29/18	Thwaites, Ena 4/5/18
Paul, Marvin 5/15/18	Ramsaran-Rambharose, Fay P 9/3/18	Solomon, Bertyl 3/8/18	Toolsee, John 8/23/18
Paul, Russel 6/13/18	Raymah, Brandon 1/30/18	Songui, Joan 8/17/18	Tudor, Georgia 6/25/18
Paul, Pamela 8/31/18	Ribeiro, Jillian 6/4/18	Sotilleo, Enol 2/15/18	Valentine, Victoria 12/4/18
Paul, Krishna 9/5/18	Roberts, Maline 3/20/18	Spencer, Diane 5/19/18	Victor, Wilbert 12/29/18
Paynter Thomas, Valerie 12/31/18	Roberts, Hugh 4/28/18	Spicer, Kristina 12/9/18	Vidal, Marie Myron 4/12/18
Persad, Satnarine 8/17/18	Roberts, Amabelle 12/6/18	Springer-Beckles, Esther 4/17/18	Villafana, Russell 11/23/18
Peters, Terrence 10/26/18	Roopchand, Colin 4/3/18	Squires, Henry 3/29/18	Villaroel, Rafael 10/31/18
Philip, Frances 3/11/18	Safann, Petar 1/5/18	Stewart, Alexis 7/20/18	Walcott, Keon 1/20/18
Phillip, Nicole 10/11/18	Salandy, Beverly 11/23/18	Stoddard, Augustus 4/8/18	Waldron, Garth 6/13/18
Piango, Elton 6/8/18	Sammy, Kenneth Skipper 5/17/18	Strachan, Alma Princess 1/2/18	Walters, Judy Ann 6/19/18
Pilgrim, Dana 6/27/18	Samuel, Kathy-Ann 10/26/18	Straker, Alma 3/20/18	Wescott, Wendy 11/16/18
Pinchlier, Deoraj 9/27/18	Sankar, Chemene 7/12/18	Sumair, Darin 1/2/18	West Caruth, Linda 6/6/18
Poleon, Arthur 1/29/18	Satram, Parbatee 5/2/18	Sutton, June 1/20/18	Weston, Rhea 4/11/18
Pollard, Hady 2/25/18	Scotland, Junior 8/9/18	Taylor, Roderick 9/4/18	Wharton, Alvin 5/29/18

William, Polycarp 1/19/18	Williams, Lenora 6/9/18	Williams-Reyes, Josette 8/11/18	Woods, Earl Aston 5/13/18
Williams, Kayreen 1/24/18	Williams-Davis, Cynthia 6/28/18	Wilson, Cherry 2/7/18	Worme, George 12/7/18
Williams, Pamela 2/24/18	Williams-Oscar, Ingrid 2/14/18	Wiltshire, Claire 10/3/18	Worrell, Rita Muriel 5/22/18
Williams, Mavis 4/25/18			

13. Conclusion

Eastern Credit Union continues to be a leader in the movement, not only in Trinidad and Tobago but the English-speaking Caribbean. We will continue to review our policies in Governance and operations, as well as develop infrastructure to ensure we deliver quality products and service in an environment suited for business. This being the case, we have started to gather data in pursuit of our new strategic plan for the period 2020-2022. We will continue pushing for performance that is second to none for the benefits of our members.

MEMBERSHIP OF BOARD-APPOINTED COMMITTEES

(1)

WAIVER COMMITTEE

Wayne Estrada-Chairman
Gerard Mathews
Richard Noray
Lyndon Williams (Substitute)

(2)

INFORMATION COMMUNICATION AND TECHNOLOGY COMMITTEE

Wayne Estrada - Chairman
Clyde Herbert
Alexi Jordan (Co-opted)
Keith Risbrooke (Co-opted)

(3)

CORPORATE GOVERNANCE & BYE LAWS COMMITTEE

Gerard Mathews - Chairman
Wayne Estrada
Wendy Williams
Cyril Barran
Janelle Benjamin

(4)

HUMAN RESOURCES/INDUSTRIAL RELATIONS COMMITTEE

Marlon Phillips - Chairman
Francisca Lassalle
Kendra Persad
Sheldon Baptiste (Co-opted)

(5)

FINANCE, INVESTMENTS AND TENDERS COMMITTEE

Cyril Barran - Chairman
Ronald Bobb
Lyndon Williams
Kendra Persad

(6)

DELINQUENCY COMMITTEE

Ronald Bobb - Chairman
Kendra Persad
Lindhurst Murray
Delroy Burris

(7)

RISK MANAGEMENT COMMITTEE

Clyde Herbert - Chairman
Gerard Mathews
Lindhurst Murray
Wendy Williams
Richard Noray

(8)

SALES AND MARKETING COMMITTEE

Janelle Benjamin - Chairman
Wayne Estrada
Francisca Lassalle

(9)

ECU/EPL MEMORANDUM OF UNDERSTANDING (MOU)

Janelle Benjamin - Chairman
Gerard Matthews
Wendy Williams
Brent Hewitt-Borde

(10)

AGM STAKEHOLDERS COMMITTEE

Francisca Lassalle - Chairman
Cyril Barran
Janelle Benjamin
Gloria Rolingson (Co-opted)

(11)

POLICY REVIEW COMMITTEE

Cyril Barran - Chairman
Wendy Williams

(12)

PROPERTY EVALUATION COMMITTEE

Ronald Bobb - Chairman
Clyde Herbert
Janelle Benjamin
Brent Hewitt Borde (Co-opted)
Jameel Mohammed (Co-opted)

(13)

EPL PROPERTIES LTD – BOARD OF DIRECTORS

Wayne Estrada - Chairman
Ronald Bobb
Janelle Benjamin
Clyde Herbert
Gloria Rolingson (Independent)
Jameel Mohammed (Independent)
Brent Hewitt-Borde (Independent)

BOARD OF DIRECTORS ATTENDANCE AT MEETINGS (MAY2018 – MARCH 2019)

NAMES	BOARD			SPECIAL BOARD			EXECUTIVE			SPECIAL EXECUTIVE		
	Pres.	Abs.	Exc.	Pres.	Abs.	Exc.	Pres.	Exc.	Abs.	Pres.	Abs.	Exc.
1. Mr. Wayne Estrada	13	-	-	8	-	-	11	-	-	2	-	-
2. Mr. Marlon Phillips	10	-	3	6	-	2	11	-	-	2	-	-
3. Mr. Ronald Bobb	12		1	8	-	-	11	-	-	2	-	-
4. Ms. Francisca Lassalle	13	-	-	7	-	1	11	-	-	2	-	-
5. Mr. Gerard Mathews	13	-	-	8	-	-	11	-	-	2	-	-
6. Ms. Janelle Benjamin	10	2	1	7	1	-						
7. Ms. Wendy Williams	12	-	1	7	-	1						
8. Mr. Cyril Barran	11	-	2	8	-	-						
9. Mr. Clyde Herbert	13	-		7	1	-						
10. Ms. Kendra Persad	9	2	2	8	-	-						
11. Mr. Lindhurst Murray	10	-	3	5	1	2						
12. Mr. Richard Noray	11	1	-	4	3	-						
13. Mr. Lyndon Williams	12	-	1	7	1	-						
14. Ms. Stephanie Benjamin	2			2								



Wayne Estrada
President

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*Subject to normal lending criteria *Special conditions apply

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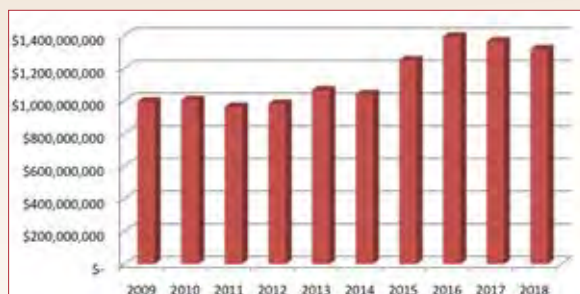
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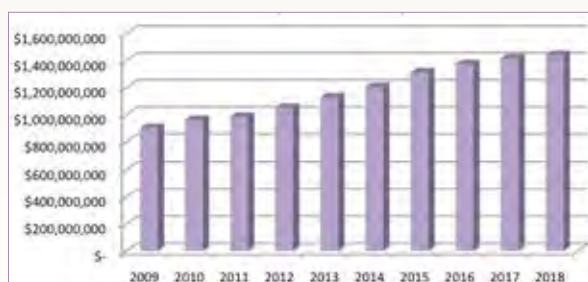
PERFORMANCE HIGHLIGHTS

LOANS TO MEMBERS



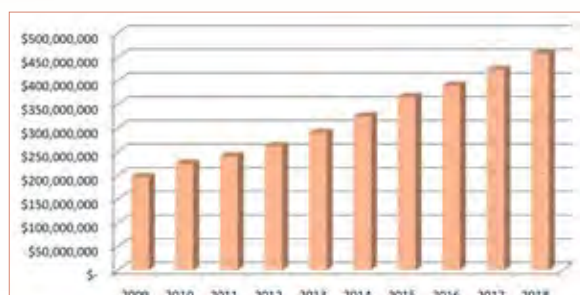
2009	\$996,244,194	2014	\$1,041,592,386
2010	\$1,005,010,007	2015	\$1,249,851,394
2011	\$964,333,637	2016	\$1,394,658,210
2012	\$982,683,186	2017	\$1,364,538,016
2013	\$1,065,591,874	2018	\$1,317,844,174

TOTAL SHARES



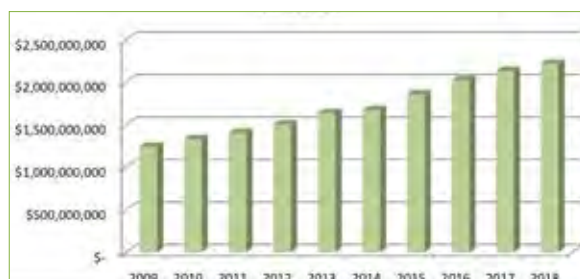
2009	\$902,426,992	2014	\$1,206,923,148
2010	\$961,613,243	2015	\$1,313,384,628
2011	\$985,363,468	2016	\$1,375,538,754
2012	\$1,052,937,796	2017	\$1,415,742,793
2013	\$1,129,748,846	2018	\$1,441,962,387

DEPOSITS



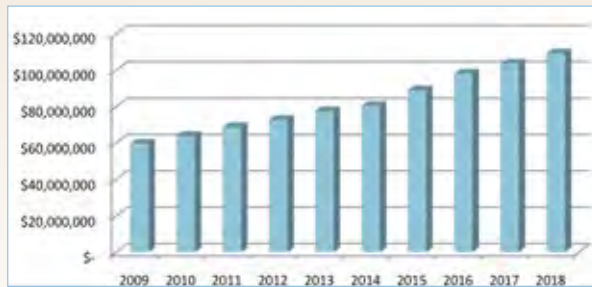
2009	\$196,297,162	2014	\$324,419,614
2010	\$224,624,547	2015	\$365,232,099
2011	\$239,930,293	2016	\$389,348,048
2012	\$261,930,468	2017	\$422,964,506
2013	\$289,275,816	2018	\$456,271,739

TOTAL ASSETS



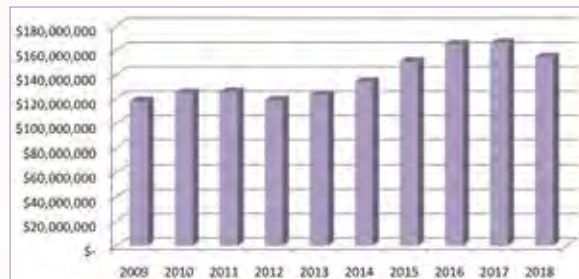
2009	\$1,242,777,886	2014	\$1,672,222,273
2010	\$1,329,991,213	2015	\$1,860,458,142
2011	\$1,405,773,250	2016	\$2,026,548,824
2012	\$1,505,759,123	2017	\$2,133,628,199
2013	\$1,640,991,397	2018	\$2,217,707,085

RESERVE FUND



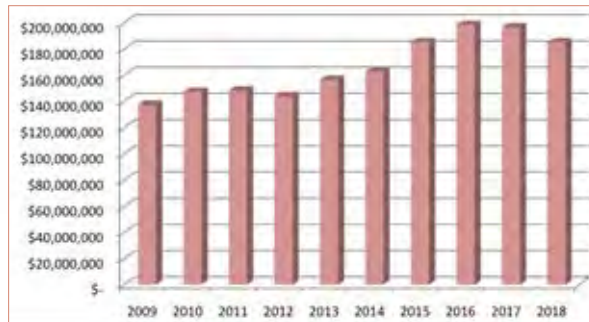
2009	\$59,667,037	2014	\$80,454,269
2010	\$63,861,584	2015	\$88,960,040
2011	\$68,708,811	2016	\$98,155,740
2012	\$72,715,716	2017	\$103,584,506
2013	\$77,425,300	2018	\$109,254,179

INTEREST ON LOANS



2009	\$118,277,357	2014	\$134,240,606
2010	\$124,931,518	2015	\$150,948,126
2011	\$125,748,385	2016	\$165,020,596
2012	\$118,951,524	2017	\$166,366,226
2013	\$123,223,810	2018	\$154,461,357

INCOME



2009	\$137,404,479	2014	\$162,771,032
2010	\$147,205,815	2015	\$185,086,662
2011	\$148,279,466	2016	\$198,272,571
2012	\$143,917,410	2017	\$196,595,489
2013	\$156,362,608	2018	\$185,044,957

NET SURPLUS



2009	\$54,718,702	2014	\$77,354,535
2010	\$42,494,155	2015	\$85,041,620
2011	\$48,364,617	2016	\$91,924,509
2012	\$40,057,069	2017	\$54,242,424
2013	\$(76,143,849)	2018	\$56,676,172

Supervisory Committee



Deborah Picou



**Anne-Marie Arnaud
Thomas**



Maria Ann Joseph



Stacy Alleyne



David Taitt



Camille Lisa Rolingson



Dionne Compton

Supervisory Committee Report for the period May 2018 to March 2019

The Supervisory Committee is pleased to report that during its tenure it has endeavoured to deliver its mandate to the best of its ability and has achieved this with the cooperation and assistance of staff and members of Eastern Credit Union.

Composition of the Supervisory Committee

Committee Member	Position on Committee
Ms. Deborah Picou	Chairperson
Ms. Anne-Marie Arnaud-Thomas	Secretary
Ms. Maria Ann Joseph	Member
Ms. Stacy Alleyne	Member
Mr. David Taitt	Member
Ms. Camille Rolingson	1 st Substitute
Ms. Dionne Compton	2 nd Substitute

The Committee held its inaugural meeting on Tuesday 29th May, 2018. Ms. Deborah Picou and Ms. Anne-Marie Arnaud-Thomas were selected as Chairperson and Secretary respectively.

Up to the time of submitting this report the Supervisory Committee has held twelve (12) Statutory meetings during which we have examined and discussed many issues, as we pursue our duty as “watch dogs” over the operations of the Board and Committees on behalf of the membership.

In the course of our reviews we have been responsible for making sure that the Board of Directors and Management Team met the required financial reporting objectives, established practices and procedures sufficient to safeguard members’ assets. This helps to avoid any impropriety and mismanagement of the members’ money.

Supervisory Committee Training

The Supervisory Committee recognizes the need for training to enable the team to perform at optimum levels. Training has enabled the Committee to expand its knowledge base, develop its expertise and by extension, make informed decisions. The Committee was afforded the opportunity and graciously participated in the following training programmes.

- The Internal Auditor’s Function of Supervisory Committees 12th May, 2018
- CCCU Conference 5th - 20th June, 2018
- Eastern Credit Union’s Annual Elected Official’s Retreat 6th - 8th July, 2018
- CaribDE 13th - 18th January, 2019

Duties

The Supervisory Committee is guided by Bye-Law 22 (e) (i): 'The Committee shall make an examination of the affairs of the Society at least bi-annually, including an audit of its books and if necessary, convene a Special General Meeting and submit its report at such meeting.'

The Committee undertook the following according to this Bye-Law:

1. Cash Counts

The Supervisory Committee conducted surprise cash counts at six (6) of the nine (9) branches in June and July based on a criterion of performance, delinquency and transactions of concern.

Cash Counts for the remaining branches were subsequently done.

End of year (December, 31st 2018) cash counts were also undertaken with the Internal and External Auditors.

All concerns were brought to the Board's attention in a report dated Monday, January 28, 2019.

2. Examination of the files of Elected Officials

Files were examined and one late posting was rectified.

3. Meeting Attendance

Bye-Law 22 (e) (viii) affords the Committee observer status at Board, Executive and other Statutory Committee meetings and we have executed this with pride and seriousness during our tenure. These included the Nominating, Corporate Governance and Bye-Laws, Education Committee, Risk Management, AGM Stakeholders, Finance, Investment and Tenders, Delinquency, Property Evaluation and Credit Committees.

4. Enquiries

Members have consistently brought their concerns to us and we have tried our best to address their problems.

We have made enquiries into the circumstances regarding the Family Indemnity Plan as it relates to the reconciliation with CUNA. We have also been paying ongoing attention to the Financial Statements submitted by Management to the Board. We have been assured that they are also monitoring them closely.

One problem has persisted and the Committee is hereby calling upon Management to do everything in their power to have it rectified. As a direct result of a technological glitch that occurred three (3) years ago, an erroneous running balance keeps recurring. It is critical that this be rectified sooner, rather than later.

5. Property Management

During the year under review the Board took a number of strategic decisions with respect to the refurbishment, renovation and relocation of the Sangre Grande and Chaguanas Branches. We are pleased and recognized that these were done all with a view to providing the membership with a higher quality of service and members of staff with a more comfortable work environment so that productivity could be maximised.

Although we know plans are afoot on the Las Viviendas land purchase in Valencia, we are still unsettled by the slow pace of progress thus far. But we are excited and indeed hopeful. However, this is a reminder that the membership still awaits the keys to their “rent to own” houses, townhouses, and apartments.

6. Review of Delinquency

The Committee must applaud Management and the team. They all have been working assiduously to reduce the figure to a single digit and, moreso, to achieve a delinquency target of under 5%.

7. Review of Files

The Supervisory Committee has undertaken examinations of sample files including those of Elected Officials, High Risk, AAD (Accelerated Approval Disbursement), Closed, General Loans and vehicle loan files. We identified that some of the discrepancies and instructions given by the Credit Administrator, Signatories, Internal Audit Department, Loan Supervisors and Branch Managers were not addressed in the files. We are humans and we are not infallible but we have a reputation to uphold and a responsibility to our members and their money. The Committee besieges all to exercise care and efficiency, ensuring due diligence and compliance to avoid possible financial losses to our faithful Cooperative.

8. Concerns Addressed and Recommendations

- (i) Although major work has been done to ensure file information is reflected in the system, there still needs to be greater follow up urgently on Loans and Files. The Committee supports continuing staff training and feedback sessions for greater efficiency.
- (ii) Loan Collaterals are being updated and monitored.
- (iii) The frequent changes at the level of Executive Management may not be in the best interest of the organization. This could be reduced by affording experienced professionals, contracts of longer duration than two (2) years, in order to retain and maximize intellectual capital, and invaluable human resources and better succession planning.
- (iv) Elected Officials, we have been given a fiduciary responsibility to serve our members. This is very serious. The Supervisory Committee was elected by our ultimate authority and given observer status, in accordance with Bye-law 22 (e), (viii). This must be respected and recognized by all and seen as an honour by us ensuring that due diligence and compliance are adhered to in the examination of the affairs of the society. So, we must work as a team, with a purpose and a vision, towards a more promising future.

- (v) Celebrating our anniversary annually and naming awards after our pioneers are of utmost significance because their extraordinary works remain etched in our memory for a long time e.g. the Stephanie Wilson challenge trophy.

Conclusion

The Committee expresses its thanks to the following outgoing members:

Ms. Deborah Picou

Ms. Maria Joseph

Ms. Stacy Alleyne

Ms. Camille Rolingson (1st) Substitute

Ms. Dionne Compton (2nd) Substitute

The Committee wishes to commend the Board of Directors, Ag. Group Chief Executive Officer and Management for their commitment and drive in keeping the organization stable for the fiscal year 2018 in light of the current economic landscape.

We also wish to thank our staff for their hard work, commitment and dedication to us, as they continue to show their appreciation for our efforts and their willingness to help us to demonstrate mutual respect for every member of the cooperative at every level.

Thank you to all stakeholders and general membership for your perpetual cooperation, patience and tireless dedication in working together to propel the organization towards continued improvement and excellence.

We call on the membership to rally around and embrace our Credit Union. We are calling on you to attend our Awards Functions and Seminars which are meant to empower and enrich the community of the organization.

Please encourage fellow members to honour their loans, so there will be more to benefit others.

“Don’t tell me that the sky’s the limit, when there are foot prints on the moon.” - Paul Brandt



Deborah Picou
Chairperson, Supervisory Committee

SUPERVISORY COMMITTEE ATTENDANCE AT MEETINGS
(MAY 2018 – MARCH 2019)

Committee Member	Present	Absent	Excused
1. Ms. Deborah Picou	14	-	-
2. Ms. Anne-Marie Arnaud-Thomas	11	-	3
3. Ms. Maria Joseph	12	-	2
4. Ms. Stacy Alleyne	12	-	2
5. Mr. David Taitt	11	-	3

Credit Committee



Delroy Burris



Shezrae Nesbitt



Mary Thompson



Rhona Adams-Arrindell



Patricia Ward



Jacquelyn Humphrey



Kirk Ferguson

Credit Committee Report

for the period January 1st to December 31st, 2018

The 44th Annual General Meeting of the Society held on May 20th 2018 brought into being amongst others, the Credit Committee which would serve the membership for the period 2018-2019. The membership instated five (5) ordinary members and two (2) substitutes. These duly Elected Officers, as mandated by Bye Law 21, would be charged with the responsibility of oversight of credit in the institution. At the inauguration of the statutory committees held on May 22nd 2018 the Credit Committee's composition was declared, pledging the following members to the execution of the Committee's fiduciary responsibility to the Society:

Committee Member	Position on Committee
Mr. Delroy Burris	Chairperson
Ms. Shezrae Nesbitt	Secretary
Ms. Mary Thompson	Member
Mrs. Rhona Adams-Arrindell	Member
Ms. Patricia Ward	Member
Ms. Jacquelyn Humphrey	1 st Substitute
Mr. Kirk Ferguson	2 nd Substitute

The Credit Committee conducts its statutory meetings at least once per week, and where the need arises, special meetings are convened, in the best interest of the membership. This Committee was cognizant of the fact that the term ahead would be a challenging one, to say the least. Having strict regard to the pervading economic challenges that bedeviled the economy of Trinidad and Tobago, it was implicit that prudent fiscal responsibility would be required to manoeuvre these challenging times. A balance had to be struck between our members' needs, sharp regulatory measures and the need to maintain the core spirit of Credit Unionism.

Review of Files

For the period under review, the Credit Committee interacted with a total of **337** files, the breakdown for which is as follows:

Table 1: Files reviewed by the Credit Committee in 2018

Facility	No.	Value
Loans	105	\$89,362,185.92
Share Withdrawals	171	\$1,186,744.48
Share To Loan Transfers	48	\$1,503,436.04
Meeting with Members	13	\$22,390,000.00
TOTAL	337	\$114,442,366.44

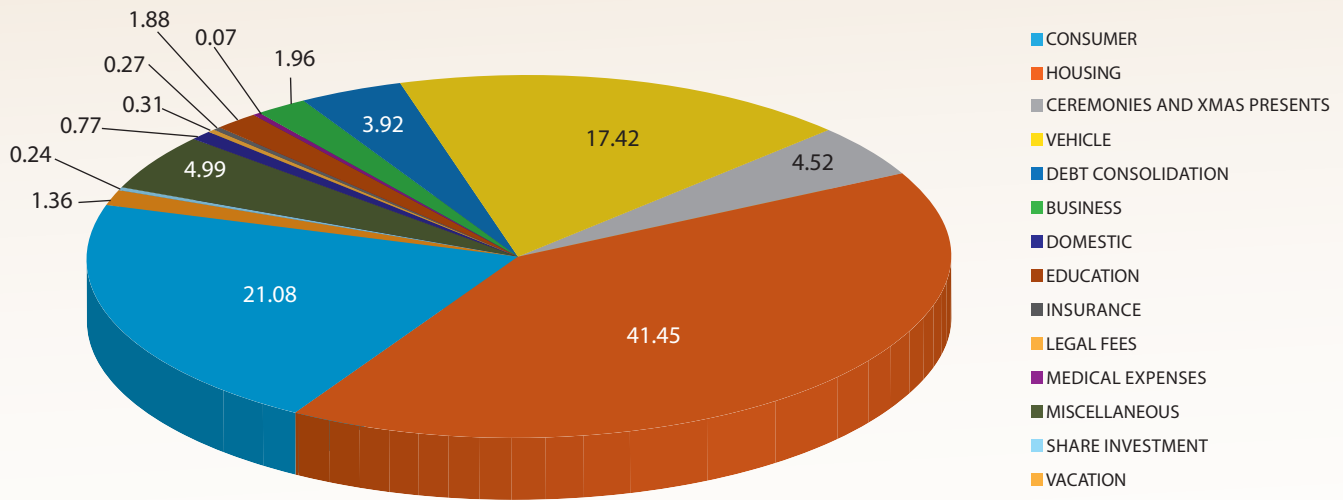
In accordance with the loan approval policy for the Society and in the interest of expediency and service delivery, various tiers of approvals were in effect and as such, the number of files seen by the Committee is a mere 1% of the total applications treated with by the Society.

The loan portfolio segmentation for 2018, as seen in Table 2 depicts that the highest number of loans was in the consumer loan category (at 49.19% of the loan portfolio). However, housing loans were the most significant in value at a total of \$567.5 million (41.45 % of the total loan portfolio). The following graphs also provide visual representation on these statistics.

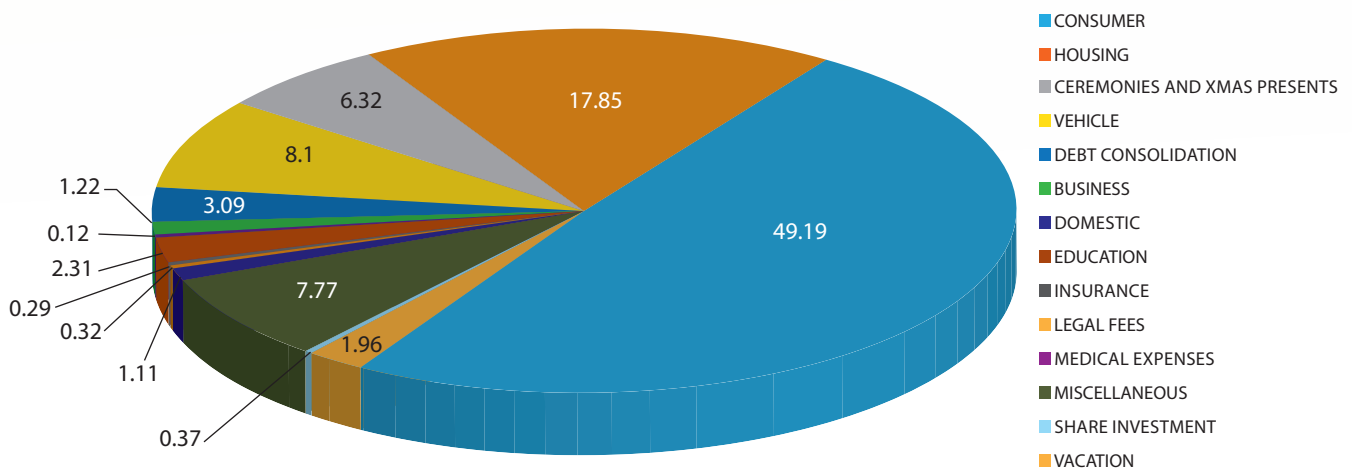
Table 2: 2018 Loan Portfolio Segmentation

Loan Type	Total # of Loans	% of Total # of Loans	Value \$M	% of \$ Value
Consumer	14899	49.19	288.5	21.08
Housing	6405	17.85	567.5	41.45
Vehicle	2453	8.1	238.5	17.42
Miscellaneous	2353	7.77	68.3	4.99
Ceremonies and Christmas Expenses	1913	6.32	61.8	4.52
Debt Consolidation	935	3.09	53.7	3.92
Education	699	2.31	25.7	1.88
Vacation	593	1.96	18.6	1.36
Business	369	1.22	26.7	1.96
Medical Expenses	337	1.11	10.5	0.77
Share Investment	113	0.37	3.2	0.24
Legal Fees	96	0.32	4.2	0.31
Insurance	88	0.29	3.7	0.27
Domestic	35	0.12	1	0.07
TOTAL	30288	100.0	1371.9	100.0

Graph 1: Distribution of Loans based on monetary value



Graph 2: Distribution of Loans based on the number of loans



As seen in the graphs, an influx of requests for share withdrawals and share to loan transfers was treated with, by the Committee. The Credit Committee continues to be concerned with granting such requests as these requests bear consequence on the share capital of the Society. However, any denial of these requests will inevitably have a transient negative effect on either the delinquency portfolio or the member who is making the request, personally. Many of these requests derived from members who fell on difficult times due to ill health and job loss, among other extenuating circumstances.

The Credit Committee wishes to remind the membership that this Society continues to be an open one which draws members from all walks of life. The recent retrenchments from major companies and state enterprises have affected many of our members and subsequently, it has directly affected us. The year 2018 had seen an increase in members liquidating their loan from shares as well as through the business of our competitors. This has also contributed to a decrease in the overall loan portfolio of the Society and an increase in the delinquency percentage.

Delinquency

As aforementioned, the wanton loss of jobs in 2018, the increase in loan liquidation and the decrease in the loan portfolio have all contributed to our delinquency portfolio facing some turbulence. Notwithstanding this we were able to stabilize the trend to an average 10% in an overall loan portfolio of \$1.37 billion throughout most of 2018. On the particular day when the data is captured, the standing orders from the third-party financial institutions and over the counter payments which have not yet hit the accounts, skew the delinquency figure to represent a higher percentage. However, by the middle of the following month the downward trend is noted.

Notwithstanding this fact, the valiant efforts made by the institution at the levels of the Delinquency Committee, Executive Management, Branches and the Delinquency Officers, ought not to be discounted. These efforts include but are not limited to initiatives such as Tribunals held by Executive Management, follow-ups by the Call Centre, Debt Consolidation, loan rescheduling and the work of the Collections Unit. Whilst the Committee is mindful of the Pearls Ratio of 5%, the harsh economic realities which confront Trinidad and Tobago do not in any way insulate Eastern Credit Union.

Credit Committee Branch Initiative

At the start of its term, the Committee recognized that it had to depart from what was customary for previous Credit Committees coupled with the fact that the Committee was in receipt of several complaints from members regarding the loan process and its timeliness. Therefore, a Credit Committee Branch Initiative was envisioned and proposed which would see the Committee, accompanied by Executive Manager Credit Administration, visit all Branches across the Society with a view of holding meetings with its Managers, Supervisors and Loan Officers. This was in hope that a meeting of the minds would cure some of the defects and rectify most of the pervading issues.

While bringing this initiative into fruition was impeded by logistical challenges in the past term, the Credit Committee commits to tabling this activity as part of its mandate for the upcoming term, 2019- 2020. With an aim of carrying out our function in the most effective manner, the Credit Committee sets out to enhance the

continuity, uniformity and consistency in the loan process. We propose to go on a drive to meet with the different levels of credit with a view to achieve the following:

- ✓ Strengthening the relationship between the Credit Committee, Branch Managers and Loans Officers;
- ✓ Employing an interpersonal approach to the existing channel of communication and facilitating direct communication between the staff and the Credit Committee;
- ✓ Facilitation of improved processes for loan applications, monitoring and review systems;
- ✓ Improvement to the loan portfolio; and activity of loan demands and member accounts; and
- ✓ Achievement of excellence in the quality and efficacy of service that is rendered to our membership.

The Credit Committee has noted that the loan activity in Tobago is alarmingly sluggish, especially as it pertains to Mortgages. The discussions with the Branch Manager and Credit Officers there, would be tailored specifically to address the issues which affect the business activity at the Branch and to devise strategies to catalyze their loan activity.

Proactive/Reactive Measures

As aforementioned, in the past year our society was faced with several loan liquidation requests from some of our members through third party financial institutions for our members' loans at these institutions to be paid off. The institution recognized the immediate need to develop strategies to combat the ever evolving, competitive and hostile financial space in Trinidad & Tobago. It is no secret that there are those that are considered traditional lenders— those that sell furniture, household articles, Auto Dealers, Jewelry Stores, Pawn Shops and formal and informal money lenders, *inter alia*. Whilst we are unable to speak about their source, methods and regulations that guide their lending, the ease with which one can access unsecured borrowing from these establishments is in itself enough cause for concern for the Society.

The Credit Committee is grateful to the Marketing Team and the Sales and Marketing Committee (a sub-Committee of the Board) which joined hands with us throughout 2018 towards the rolling out of several loan products. These products, honourable members, contained very favourable lending criteria. These criteria saw the society foregoing and have waived, among other things, the share requirement, repayment terms, lower interest rates, higher Debt Service Ratio and higher exposure. This came at a cost to the society, as we knew that our expected income would be reduced, our risks would be increased and this would directly affect our expected surplus. These policy revisions allowed us to hold the interests and needs of our members, bearing in mind the economic climate in Trinidad and Tobago. Our members responded favourably to these products and we were able to keep borrowing at an acceptable level. We will therefore see the reward from these measures in the middle to long term. We are able to keep our Society's doors open and continue to serve you the membership as we grow from strength to strength.

Conclusion

As we brave the winds of intrinsic and extrinsic factors which confront us on the level of the individual and the institution, we remain optimistic of the future of this organization. We are faced with rigid regulatory frameworks which require us to adhere to policy while simultaneously serving our stakeholder - you, the membership.

The year 2018 has proven to have had its challenges, however, we were able to touch thousands of our members' lives. With over **29,538** loans disbursed for various reasons/purposes, with a dollar value of just over **\$432.3 million**, we are encouraged. Notwithstanding that our expectations were set at the budgeted amount of **\$681million**, we are better off than most. The Board of Directors, Statutory Committees, Management and Staff have worked sometimes beyond the call of duty to accomplish this. The Credit Committee wishes to assure the membership that it continues to be steadfast, vigilant and scrupulous in its deliberations. May God continue to watch over us all and Eastern Credit Union Co-operative Society for 2019 and beyond.

Sincerely,



Delroy Burris
Chairman, Credit Committee

CREDIT COMMITTEE ATTENDANCE AT MEETINGS (MAY 2018-MARCH 2019)

Name	Pres	Abs	Exc
1. Mr. Delroy Burris	39	-	2
2. Ms. Shezrae Nesbitt	39	-	2
3. Ms. Mary Thompson	37	-	4
4. Ms. Patricia Ward	30	-	11
5. Ms. Rhona Adams-Arrindell	37	-	4

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Education Committee



Marlon Phillips



Darius Figuera



Kurt Flemming



Sandra Charles-Maxwell



K'Arece Rogers (Co-opted)

Education Committee Report for the period June 2018 - May 2019

The Education Committee Members:

Committee Member	Position on Committee
Director Marlon Phillips	Chairperson
Director Stephanie Benjamin	Secretary*
Mr. Darius Figuera	Member
Mr. Kurt Flemming	Member
Ms. Sandra Charles-Maxwell	Member
Ms. K'Arece Rogers	Co-opted Member

* Effective August 2018, Ms. Stephanie Benjamin resigned her position as Director on the Board of Directors. Thereafter, Board approval was granted for Ms. K'Arece Rogers to take over the role of the Secretary of the Committee with effect from August 2018 and she served until the end of the term.

Our Mandate

Pursuant to Article 23(f) of the Society's Bye-Laws, the Committee was charged with the responsibility to:-

- 1) Be in charge of publicity, education and training programmes and the holding of seminars and conferences.
- 2) Provide educational material for use by members.
- 3) Prepare and submit to the Board a budget to cover the cost of its programmes and activities and ensure that funds allocated are used for the specified purpose.

Overview

The Education Committee oversaw several activities during the period June 2018 - May 2019 in keeping with its mandate. The Committee sought to maintain its traditional array of programmes, while formulating its Innovation agenda in the Generation Z arena, in a bid to ensure the continued relevance and sustainability of our Institution. Every opportunity was maximized to promote and deliver our products and services to our members. Through these activities we were able to demonstrate the value of a founding principle which states that as a collective we achieve more. The following highlights some of the projects undertaken:

1. Members' Business and Breakfast Series

In keeping with plans outlined in the 2017 Education Committee report, emphasis was placed on meeting members where they are and using the branch locations as hubs for meaningful engagement. At each location, the Committee attempted to customize the experience to cater for the needs of the members served.

The Committee held these branch engagement opportunities at the following Branches:

Sangre Grande, Port-of-Spain, San Fernando, Arima and Chaguanas.

Sangre Grande Branch Experience- Saturday 11thAugust, 2018.

Theme –Prepare to plant and reap what you sow

Members benefited from:

- Full Teller and Loan Services including:
 - Withdrawals
 - Deposits
 - Loan consultations, initiations and documentations
- Promotional Offers: New vehicle deals through our partnership with a car dealership (LifeStyle Motors).

Other highlights:

On boarding New Members

- Through the effective promotional activities, the branch was able to register new members. The staff efficiently created an atmosphere of excitement and buzz using direct marketing such as the distribution of flyers, engaging community members as they passed by and promotion of brand ECU via speaker system. Passersby were attracted to the location thus resulting in 5 new accounts opening on the day whilst several other persons expressed their interest in opening accounts within the near future.

Seedling Distribution:Over 1,500 seedlings were distributed in an attempt to encourage members to become self sufficient and invest in their own economic stability.

A post event analysis demonstrated that the following key objectives were met:

1. Create opportunities promoting ECU as an accessible business partner for achieving personal goals through loans and sound financial advice.
2. Showcase the location and attract new membership
3. Enhance Member Experience through exceptional customer service

Port-of-Spain Branch Experience – Saturday 29thSeptember, 2018

Theme: Self-Improvement

Full teller services were available. Additionally, a shared space was created for members to interact with some leading practitioners in key industries. These included educational Institutions, fitness and health connoisseurs and insurance providers. In this regard we partnered with:

- Cipriani College of Labour and Cooperative Studies.
The Institution discussed the launching of their suite of online courses which especially targeted recently graduated secondary school members.
- EPL Properties Limited.
EPL was able to promote gym membership and facilities to members including the use of pool for swimming and aqua-therapy. Additionally, their representatives promoted the availability of properties for milestone events such as weddings and graduations.

- CUNA Insurance

The company exposed members to two (2) new features of existing products. This included:

- 1) The new critical illness coverage up to \$1 million.
- 2) Increased coverage for the Family Indemnity Plan (FIP)

- Mr. Rawle Rollocks of LB Global Solutions delivered a well received feature on wealth creation, estate and retirement planning. Members were encouraged to use the Credit Union's Savings Plans, such as Jade and Evolution 50, as part of their strategy towards sustaining their income and financial future for generations to come.

Recognizing that we are in a rapidly advancing era of online experiences in learning and business transactions, the Committee rewarded some members with tablets and laptops. Our partnering supplier was also available to those who wished to purchase. Through this initiative, we intended to offer members the tools to keep abreast of technological demands that occur along their life's career and educational journeys.

San Fernando Branch Experience – Saturday 9th February, 2019

Theme: Sharing the Credit Union Philosophy, Supporting Entrepreneurial Development

As obtained with the other locations, this branch was open for full services.

- The President, Mr. Wayne Estrada masterfully lent his expertise in delivering a feature address on the benefits of being a credit union member. Members were encouraged to save wisely, borrow and repay loans in accordance with their agreements.
- Members also benefited from sound advice from Agro-business Entrepreneur, Mr. Alpha Sennon. Mr. Sennon led an interactive discussion on the many untapped opportunities for members to achieve savings or create additional income through understanding the economic value chain in agriculture. His practical approach stirred the interest of all the participants, as he shared highlights of his journey through several tertiary level programmes to find his niche in the Agro Business and Entrepreneurship fields. He promoted some of the projects undertaken by his WHYFARM foundation such as: the "Agriman" character and his school tour farm facility in Siparia. Approximately 20 members expressed their intention to pursue further opportunities for gaining more knowledge about initiating or expanding sustainable economic activities through partnership with Mr. Sennon and support from the San Fernando Branch.

2. Education Awards Ceremony 2018

The 25th Annual Education Awards Ceremony was held on Friday 24th August, 2018 at the Eric Williams Auditorium, La Joya, St. Joseph. In keeping with our thrust towards creating future leaders of the credit Union, one hundred and forty-eight (148) members from Primary Schools and eleven (11) from Tertiary level Institutions were awarded bursaries. Some of the Tertiary Level areas of study included Law and Human Resource Management.

The SEA students received awards valued at \$800.00 and Tertiary students were awarded \$2,500.00 each along with an attractive ECU branded bag. The students were well supported by their family and well-wishers as a total of 279 guests were in attendance. The bursaries were awarded to students based on merit and economic need.

3. Magnificent Mental Minds Mathematics Competition

In keeping with our Innovation agenda, the Committee held this inaugural event at the Tobago Nutrition Cooperative Society on Friday November 23rd, 2018. The event served as an opportunity to promote brand ECU amongst the youth demographic. This competition raised the bar for Primary School students in the 4th standard, where preparation for scoring high marks in the SEA examination is critical. This competition brought a level of excitement to the process of learning and demonstrated competence in arithmetic and problem solving within this age group. After several rounds of technology assisted mathematical challenges, three Mental Mathematics Champions emerged. They were:

Position	Name	School
1st	Daniella Taylor	Bethesda Government Primary
2nd	Tykaiya Dennis	Pentecostal Light and Life
3rd	Azareel George	Signal Hill Government Primary

The top three performers received prizes in the form of shares and cash. The winning school received a brand-new laptop. The top 10 performers received consolation prizes in the form of ECU's Annual Christmas Party Tickets and shares. A total of eighty-one (81) students from nineteen (19) Primary Schools participated in the competition.

4. Children's Christmas Party

This annual two-location event (Trinidad and Tobago) continued to attract hundreds of participants both children and adults, for an afternoon of family entertainment during the yuletide season.

The Tobago leg was held on Sunday 25th November, 2018 at the Buccoo Integrated Facility. The usual treats such as Go-Karts rides were available. Additionally, through partners such as Healing with Horses the Committee helped to provide avenues for children to experience the therapeutic wonders of the animal kingdom. Two hundred and twenty-five (225) children and sixty (60) adults were in attendance.

The Trinidad edition was held on Sunday 9th December, 2018 at the Eastern Regional Sports Complex, Tacarigua from 2:00pm to 6:00pm. It featured activities such as Bouncy Castles, Balloon Art and Face Painting. There were nine hundred and ninety-one patrons (991), seven hundred and forty-eight (748) children and two hundred and forty-three (243) adults.

As usual children were not let down as they all received age appropriate gifts. As is traditionally anticipated, the events at both locations ended with a dance off hosted by Jamal Lewis.

Through this initiative, the Committee looks forward to hosting an afternoon of wholesome family activities in the spirit of sharing and togetherness among members and the extended community.

5. S.E.A Motivational Workshop

This year marked the 20th Edition of one of the Institution's signature events. With the approval from the Ministry of Education, over 50 schools were invited to the Ed Garcia Gymnasium in La Joya to participate in interactive sessions on strategies for preparing them to succeed at SEA and beyond. The event was overwhelmingly attended both in Trinidad and Tobago with an overall attendance of 2,816 pupils. The attendance for each day was as follows:

Day	Number of Students in Attendance
Monday	358
Tuesday	637
Wednesday	831
Thursday	764
Monday (Tobago)	226

Key highlights included:

- **TWO CENTS MOVEMENT**

Derron Sandy, Kyle Hernandez and Alexandra Stewart of the Two Cents Movement were the featured speakers of the programme. They provided an interactive session for the children and motivated the pupils to be focused and to study to ensure success in their examinations.

- **INTER-CARIBBEAN CHILDREN'S MINISTRY**

Pastor Derek Downer and his team provided entertainment for the children through puppetry. The puppet show highlighted the importance of listening to your parents and the dangers of the abuse of social media.

- **YOUTH TRAINING CENTRE (YTC)**

Speakers from YTC spoke on topics such as bullying and the consequences of bad company. This presentation also included a segment by ex-inmate of the Training Centre, Shelly Ann Boodoo, on the importance of following good advice and making wise choices to fulfil one's dreams.

6. 30TH Annual Primary School's Calypso Competition

The 30th Edition of the Primary School Competition was held on February 14th, 2019. The Master of Ceremonies was Mr. Allan Augustine who ensured that the event flowed smoothly and created an exciting atmosphere for all in attendance. Tribute was paid to Musician **Mr. Roy Francis Cape** for his faithful contribution to the art form. Mr. Cape joined a long line of icons and legends, namely: David Michael Rudder, 'Singing Sandra', 'The Mighty Sparrow', 'Brother Mudada', 'Calypso Rose', Shurwayne Winchester, 'Lord Relator', 'Drupatee', Machel Montano, Ella Andall, 'Lord Kitchener' (deceased), 'Brigo' (deceased), 'Ras Shorty I' (deceased) and 'Lord Blakie' (deceased) who were previously honoured by Eastern Credit Union.

There were 12 participants with the following students emerging as winners:

No.	Name	School	Song Title
1.	Jehryl Snaggs	St. Patrick's Newton Boys' R.C	"Trinbago Build Up"
2.	Jaylan Maughn	St. Patrick's Newton Boys' R.C	"God's Army"
3.	Asanee Edwards	St. Patrick's Newton Boys' R.C	"Cultural Soldiers"

7. Online Youth Conversation

"Technovation and the Role of Young People in the Credit Union Movement"

The Education Committee has noted the importance and necessity of engaging with Generation Z. As such, this initiative was conceptualized with the aim of reaching this demographic in a way which suits them best-through the online world.

In March 2019, members of Eastern Credit Union as well as Youth Members of other Credit Unions, such as AeroServices and COPOS Credit Union, were interviewed on a series of questions pertaining to Youth membership and the Credit Union. These questions included, but were not limited to:

1. Why do you think the credit union is currently plagued with the issue of an aging membership?
2. What steps can Credit Union Leaders today take to reach more young people?
3. What innovations in service delivery have you noticed in the Movement and how do you see cutting edge technology transforming the Credit Union Experience over the next 3 to 5 years?

Using the Credit Union's website and ad space on social media platforms such as Instagram, YouTube and Facebook, these videos were posted for members to engage with us. The forum also provided the opportunity for non-members to become aware of the Credit Union Movement.

It is expected that these videos will reach thousands of young individuals throughout Trinidad and Tobago.

The following individuals were interviewees for the series:

- Ms. K'Arece Rogers (Eastern Credit Union)
- Ms. Amanda Vincent (Eastern Credit Union)
- Mr. Matthew Durham (Eastern Credit Union)
- Mr. Lyndell Byer (Aero Services Credit Union)
- Ms. Sheena Edwards (COPOS Credit Union)

THE WAY FORWARD

The Committee is poised to develop and propose the following programs for the period 2019-2020:

- The Youth Agenda-Next Generation

This embodies plans for collaboration in terms of creation of a platform for fashioning the new Credit Union profile, youth ideas on the future of the credit union and succession planning

- Small Business Development

In an attempt to continue encouraging members to pursue economic stability, it is proposed that a workshop/seminar on the latest agro-processing systems be conducted. This along with similar projects will provide avenues for making sustainable economic activities more accessible.

- Business Incubator

In order to promote entrepreneurial efforts, and maintain the philosophy of self-help and empowerment, the Committee recommends the creation of a name pool for members that partners them with practitioners within various fields.

- Magnificent Mental Minds Mathematics Competition

Due to the overwhelming response to the pilot in Tobago, the Committee recommends that the Magnificent Mental Minds Mathematics Competition be carried out throughout Trinidad. Additionally, the Credit Union will build on the Magnificent Minds Concept to include -Debating Skills, Chess, Robotics and Environmental Management among others.

CONCLUSION

The one constant in life is change. As such, the Committee must adapt to meet the needs of an emerging generation that requires immediacy of service as well as flexibility. We must continue to offer members opportunities for growth in navigating the future of finance and personal development. As new forms of exchange gain popularity such as cryptocurrency, we will strive to keep our members educated and offer products and services relevant to their needs. We look forward to another successful year of sustainable development, growth and improved life experiences for our members and partners.

I wish to thank the Education Committee Team and Management Representatives for their commitment to duty during the reporting period.

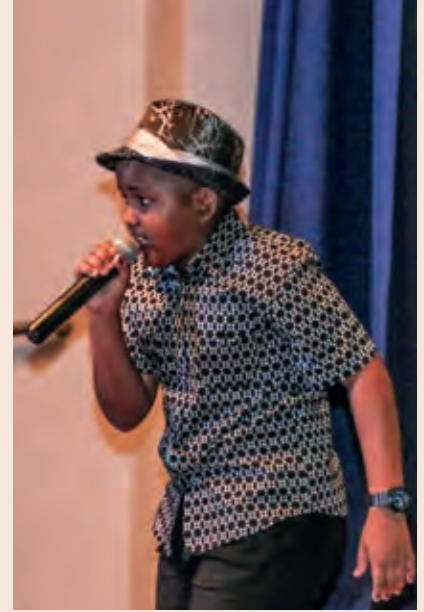


Marlon Phillips

Chairman, Education Committee

Education Committee Highlights of Annual Activities

ECU 30th Annual Primary Schools Calypso Competition 2019



ECU Education Awards 2018



Member Forum



Mathematics Mental Competition 2018



Seedling Distribution



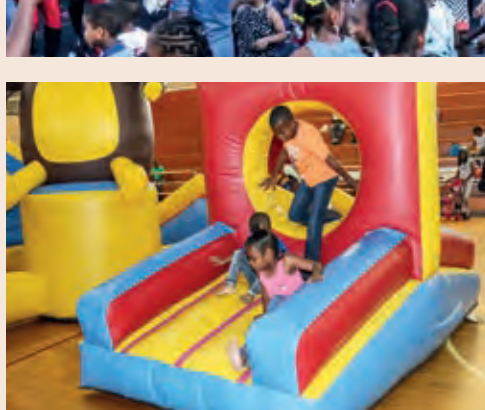
Trinidad SEA Motivational Workshop



Tobago SEA Motivational Workshop



Trinidad Children's Christmas Party 2018



Tobago Children's Christmas Party 2018



Nominating Committee



Marlon Phillips



Wayne Estrada



Christopher Power



Gary Cross



Helen Bernard

Nominating Committee Report

for the period May 2018 - April 2019

1. Introduction

The Nominating Committee of Eastern Credit Union Co-operative Society Limited for the term May 2018-April 2019 comprised the following persons:

Committee Member	Position on Committee
Director Marlon Phillips	Chairperson
Director Wayne Estrada	Member
Mr. Gary Cross	Member
Mr. Christopher Power	Member
Ms. Helen Bernard	Member

Director Wendy Williams served as Chairman of the Committee from the start of the term until her resignation on 25th March, 2019. Subsequently, Director Marlon Phillips was appointed Chairman with effect from 28th March, 2019. Additionally, Director Wayne Estrada replaced Director Wendy Williams effective 28th March, 2019.

2. Committee's Mandate

In keeping with its mandate as outlined in section 24 of the Bye- Laws, the Committee focused on the gaps which exist in the present Board of Directors, Credit and Supervisory Committees and the skill sets needed in closing the gaps to realize the vision of the Society. As a consequence, the Committee created a list of competencies to guide the selection of persons willing to serve. It also embarked on training in an effort to present suitable candidates for service.

3. Training Initiative

Credit Union Organisation and Management Programme

The Committee conducted its 9th Credit Union Organization and Management Programme during the period 15th September to 13th October, 2018. The Programme provided training in ten (10) modules and attracted fifty (50) participants comprising employees and members of Eastern Credit Union as well as employees of other Credit Unions. The Credit Union Management and Organisation Programme in addition to providing training for prospective nominees, provides the benefit of entry into the Cipriani College of Labour and Co-operative Studies Diploma, Associate Degree and Degree Programmes.

It is proposed to pursue this training initiative and to mount a Part II or Advanced Programme for those persons who successfully completed the Introductory Sessions.

4. Nominations

Eligibility Criteria

In accordance with Bye-Law 24 (a), the Nominating Committee has responsibility for *the selection of suitable members who are willing to be considered for election to the Board, Credit and Supervisory Committees.*

A suitable candidate must:

- a. Be a “member in good standing”, i.e. a member who has not violated the terms of his loan contract.
- b. Be over the age of 18
- c. Be a citizen of Trinidad and Tobago or a person lawfully admitted permanent residency who is ordinarily a resident in Trinidad and Tobago.
- d. Save an additional 100 shares, \$500.00, between January 1st, 2018 – December 31st, 2018
- e. Meet the Fit and Proper criteria under the Central Bank of Trinidad and Tobago Act.
- f. Not be an un-discharged bankrupt.
- g. Not be of unsound mind and has not been convicted of
 - i. An indictable offence.
 - ii. A criminal offence involving dishonesty in connection with the promotion or management of a corporation or co-operative
 - iii. An offence involving fraud
- h. Officers of other credit unions should not be allowed to serve on the Board or Committees of Eastern Credit Union
- i. Persons with litigation against Eastern Credit Union should not be allowed to serve on the board or Committees of Eastern Credit Union.
- j. A grace period of three years must elapse before former employees of the Eastern Credit Union become eligible to serve as elected officials.

Nominations were opened on 10th December, 2018 and closed on 18th January, 2019. A total of thirty-two (32) applications were received. Of these, fifteen (15) were for Board, ten (10) for the Supervisory Committee and seven (7) for the Credit Committee.

5. Selection

Upon receipt of the Nomination forms the following steps were taken:

The Committee engaged the services of the Internal Auditor to verify that requirements were met.

Having applied our scrutiny, we set interviews which were held on diverse dates during the period 20th February, 2019 to 16th April, 2019.

6. Recommendations

The following candidates were recommended:

BOARD OF DIRECTORS

Alana Blackman
Darius Figuera

Francisca Lassalle
Lindhurst Murray

Michaela Maria Garcia
 Clyde Herbert
 Maurice Hoyte
 Arvin J.O. Isaac
 Don Isaac

Akil Myers
 Richard Noray
 Lyndon Williams
 Pearl Yatali-Gonzales

SUPERVISORY COMMITTEE

Rhona Adams- Arrindell
 Dionne Compton
 Jacquelyn Humphrey

Renatta Laverne Jones
 Kelly Ann Mitchell
 Camille Rolingson

Ms. Novella Sinclair applied and was recommended. However, Ms. Sinclair subsequently withdrew her candidacy by letter dated 25th April, 2019.

CREDIT COMMITTEE

Kirk Ferguson
 Jemila Guerero
 Mahmud Muhammad

Elisha Sankar
 Mary Thompson

7. Appreciation

The Nominating Committee on behalf of the membership wishes to express gratitude to the following officers whose term of office ends at the 45th Annual General Meeting:

BOARD OF DIRECTORS

Clyde Herbert
 Francisca Lassalle
 Lindhurst Murray
 Richard Noray (replaced Ms. Stephanie Benjamin who resigned in August, 2018)
 Lyndon Williams (Substitute)

SUPERVISORY COMMITTEE

Deborah Picou
 Stacy Alleyne
 Maria Ann Joseph

Camille Rolingson (Substitute)
 Dionne Compton (Substitute)

CREDIT COMMITTEE

Delroy Burris
 Rhona Adams- Arrindell
 Mary Thompson

Jacquelyn Humphrey (Substitute)
 Kirk Ferguson (Substitute)

8. Recommendations

The committee recommends that past service on other Boards be considered an asset.

- i. We wish to reiterate to candidates that to serve requires commitment of time and dedication.
- ii. The Committee, further, recommends that persons co-opted to serve, save at least \$100.00 monthly during the period of their service.

9. Conclusion

The Nominating Committee wishes to thank the Board for the confidence placed in its members to select persons most suitable for service.

Cooperatively,



Marlon Phillips
Chairman, Nominating Committee

Resolutions

1. Patronage Refund

Be it resolved.

That a patronage refund of 7.5 % be declared for the financial year ended 31st December 2018 and credited to members' Deposit Accounts.

2. Dividend

Be it resolved:

That in accordance Bye- Laws 15(b) (v) a dividend of 2.25% be approved for the financial year ended 31st December 2018 be credited to members' Share Accounts consistent with Bye- Law 25 (c) (i); and be it further resolved that dividends due to members whose accounts have become delinquent be credited to their outstanding loan and interest balances.

3. Special Shares

Be it resolved:

That in accordance with Bye- Laws 6(a) (1), 6(b)(1), (ii) and (iii), a dividend of 5% be approved for the financial year ended 31st December 2018 and credited to members' Deposit Accounts; and be it further resolved that dividends due to members whose Special Share Accounts are below the required amount be credited to their Special Share Accounts.

4. Auditors

Be it resolved:

That the firm PwC be retained as Auditors for the year 2019.

5. Education Fund

Be it resolved:

That in accordance with Bye Law 25(b), 5% of the realised surplus for the financial year ended 31st December 2018 be appropriated to the Education Fund.

6. Loan Write Offs

Be it resolved:

That 152 accounts valued \$8,776,646.26 representing accounts that were statute barred and where efforts to collect have been pursued and repayments seemed uncertain, be written off against provisions set aside for such loans.

Nomination Profiles 2019

Board of Directors



ALANA BLACKMAN

PLACE OF WORK: Auditor General

POSITION: IR Professional/EDP Data Conversion Equipment Operator

CREDIT UNION EXPERIENCE :

- Served as a Director of Eastern Credit Union for three (3) years
- Former President – Eastern Credit Union
- Former Chairman – EPL Properties Ltd
- Chairperson – Supervisory Committee
- Caribbean Development Educator (CaribDE)
- Member for eighteen (18) years



DARIUS FIGUERA

PLACE OF WORK: Ministry of Education

POSITION: Teacher

CREDIT UNION EXPERIENCE:

- Served as a Director of Eastern Credit Union for three (3) years
- 2017 Caribbean Development Educator (CaribDE 25)
- 2017 Delegate at World Conference of Credit Unions (WOCCU)
- Member of the International Credit Union Executives Society
- AML/CFT Certified
- Member for twenty-five (25) years



MICHAELA MARIA GARCIA

PLACE OF WORK: EASIMOBILE LTD

POSITION: MANAGER

CREDIT UNION EXPERIENCE:

- NONE
- Member for (18) Eighteen years



CLYDE HERBERT

PLACE OF WORK: United Electrics Ltd

POSITION: Managing Director

CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2016 to present)
- Director for over 12 years
- Vice President for 3 years
- World Council of Credit Unions (WOCCU) 2018
- Compliance Training Seminar (AML/CFT and FACTA)
- The Impact of the Proposed Credit Union Legislation
- Attended the Credit Union Orientation Seminar
- Member for thirty-nine (39) years



MAURICE JAMAL HOYTE

PLACE OF WORK: Ministry of Education

POSITION: Teacher/Entrepreneur

CREDIT UNION EXPERIENCE:

- NONE
- Member for one (1) year



ARVIN J.O. ISAAC

PLACE OF WORK: Naalri's Photoplanet Ltd

POSITION: Businessman

CREDIT UNION EXPERIENCE:

- None
- Member for one (1) year



DON ISAAC

PLACE OF WORK: Airport Authority of Trinidad and Tobago

POSITION: Duty Manager

CREDIT UNION EXPERIENCE:

- Served as a Director of Eastern Credit Union for three (3) years
- Served as the Supervisory Committee Chairman of Eastern Credit Union for (1) year
- 2015 Delegate at the World Conference of Credit Unions (WOCCU)
- 2014 Certified Caribbean Credit Union Educator
- 2014 Attended the CCCU Conference
- AML/CFT Certified
- Member for thirty (30) years



FRANCISCA LASSALLE

PLACE OF WORK: Former Branch Manager - Eastern Credit Union

CREDIT UNION EXPERIENCE:

- Director and Member of the Executive Committee of Eastern Credit Union (2016 – Present)
- Acting Group Executive Manager, Credit Financial and Advisory Services (1 year)
- Branch Manager (14) years
- Acting Credit Comptroller
- AML/CFT Certified
- Training in IFRS9 Practical Solutions for Credit Unions
- Training in Delinquency Control in Credit Unions
- Attended the Credit Union Orientation Programme
- Member for twenty one (21) years



LINDHURST MURRAY

PLACE OF WORK: MCM & Company

POSITION: Managing Director

CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2016 to present)
- Caribbean Development Educator (CaribDE 33)
- Member for twenty seven (27) years



AKIL MYERS

PLACE OF WORK: Water and Sewerage Authority

POSITION: Technical Services Superintendent

CREDIT UNION EXPERIENCE:

- NONE
- Member for twenty five (25) years



RICHARD NORAY

PLACE OF WORK: Ministry of Education

POSITION: Teacher

CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2018 to present)
- Substitute Member of the Board of Directors (2018 (4 months)
- Attended the Credit Union Organizational and Management Programme (2018)
- Member for seven (7) years



LYNDON WILLIAMS

PLACE OF WORK: Accounting Consultant

POSITION: H. Simms & Co. Chartered Accounts

CREDIT UNION EXPERIENCE :

- Second Substitute, Board of Directors – Eastern Credit Union (2017/2019)
- AML/CFT Certified
- Attended the Credit Union Management Programme (2017)
- Member for thirty-two (33) years



PEARL YATALI GONZALES

PLACE OF WORK: Self Employed

POSITION: Performance Management Consultant, Medical Social

CREDIT UNION EXPERIENCE:

- Past Chairman of the Supervisory Committee
- Past Chairman of the Credit Committee
- Member for sixteen (16) years

Nomination Profiles 2019

Supervisory Committee



RHONA ADAMS ARRINDELL

PLACE OF WORK: Former Member Relations Officer-Eastern Credit Union

CREDIT UNION EXPERIENCE:

- Anti-Money Laundering
- Anti-Money Laundering and Counter Financing of Terrorism
- How Good Credit Unions Turns Bad
- Orientation Seminar
- Member for thirty (30) years



DIONNE COMPTON

PLACE OF WORK: Auditor General's Department

POSITION: Audit Manager (Ag.)

CREDIT UNION EXPERIENCE:

- AML/CFT Training
- Attended the Introduction to Credit Union Organization and Management Programme (2016)
- Member for twenty-four (24) years



JACQUELYN HUMPHREY

PLACE OF WORK: Former Community Development Officer-Ministry of Community Development Culture and Gender Affairs

CREDIT UNION EXPERIENCE:

- Orientation Training – 2018
- Served on the Credit and Supervisory Committees
- Member for thirty-eight (38) years



RENATTA LAVERNE JONES

PLACE OF WORK: Monster Media Group

POSITION: Project Manager

CREDIT UNION EXPERIENCE:

- None
- Member for four (4) months



KELLY-ANN MITCHELL

PLACE OF WORK: Ministry of Public Administration

POSITION: Business Operations Assistant II

CREDIT UNION EXPERIENCE:

- None
- Member for fourteen (14) years



CAMILLE ROLINGSON

PLACE OF WORK: MIC Institute of Technology

POSITION: Marketing Officer

CREDIT UNION EXPERIENCE:

- ECU's Organization and Management Programme and Roles and Responsibility of the Supervisory Committee 2017
- Annual Elected Officials Retreat
- AML/CFT Training
- Member for fifteen (15) years

Nomination Profiles 2019

Credit Committee



KIRK FERGUSON

PLACE OF WORK: Ministry of Education

POSITION: Teacher

CREDIT UNION EXPERIENCE:

- Introduction to Credit Union Organization & Management
- AML/CFT Certified
- Member for thirty (30) years



JEMILA GUERERO

PLACE OF WORK: Cipriani College of Labour & Cooperative Studies

POSITION: Quality Assurance Officer

CREDIT UNION EXPERIENCE:

- NONE
- Member for five (5) years



MAHMUD MUHAMMAD

PLACE OF WORK: Former Police Officer – Ministry National Security

CREDIT UNION EXPERIENCE:

- Introduction to Credit Union Organization & Management
- Member for twenty-five (25) years



ELISHA SANKAR

PLACE OF WORK: Easipharm Limited

POSITION: Senior Manager

CREDIT UNION EXPERIENCE:

- None
- Member for twenty (20) years



MARY THOMPSON

PLACE OF WORK: Former Credit Officer – Eastern Credit Union

CREDIT UNION EXPERIENCE:

- Anti-Money Laundering
- How good Credit Unions turns bad
- Managing Credit Risk
- Lending and Credit Management
- Member for thirty-eight (38) years

**Eastern Credit Union
Co-Operative Society Limited and its Subsidiary**

Consolidated Financial Statements

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

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Consolidated Statements of Cash Flows	9 - 10
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Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Eastern Credit Union Co-Operative Society Limited and its Subsidiary (the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated 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 Group 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 Group's assets, detection/prevention of fraud, and the achievement of company 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 Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.


In preparing these audited consolidated 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 Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

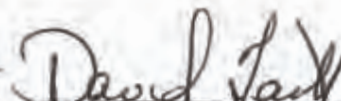
Management affirms that it has carried out its responsibilities as outlined above.



Member: Board of Directors
Date: 28 May 2019



Group Chief Executive Officer



Member: Supervisory Committee



Independent Auditor's Report

The Members

Eastern Credit Union Co-operative Society Limited

Report on the audit of the Group's consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Eastern Credit Union Co-Operative Society Limited (the Society) and its subsidiary (together 'the Group') as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the information presented in the Eastern Credit Union Co-operative Society Limited and its subsidiary Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

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

Independent Auditor's Report (continued)

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

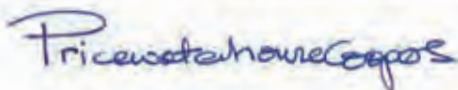
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Port of Spain
Trinidad, West Indies
31 May 2019

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	2018 \$	As at 31 December 2017 \$ Restated	2016 \$ Restated
	2n			
Assets				
Cash and cash equivalents	5	475,016,818	407,327,412	288,929,641
Investment securities – amortised cost	6	202,120,053	130,989,088	118,203,216
Investment securities – fair value	7	74,109,551	91,596,421	93,622,868
Loans to members	8	1,317,844,174	1,364,538,016	1,394,658,210
Investment properties	9	19,550,767	19,574,916	19,250,795
Accounts receivable & prepayments	10	26,003,741	22,743,468	22,326,162
Deferred charges		1,124,051	1,064,847	1,017,004
Inventories	11	387,823	385,746	413,375
Intangible assets	12	5,635,307	6,470,612	6,520,550
Property plant & equipment	13	95,914,800	88,937,673	81,607,003
Total assets		2,217,707,085	2,133,628,199	2,026,548,824
Liabilities and members' equity				
Liabilities				
Accounts payable and accruals	14	97,711,211	82,952,848	72,512,651
Members' deposits		456,271,739	422,964,506	389,348,048
Members' shares (non-permanent)	15	1,441,962,387	1,415,742,793	1,375,538,754
Corporation tax payable		852	28,564	4,872
Deferred taxation	16	5,053,776	4,070,257	3,425,665
Total liabilities		2,000,999,965	1,925,758,968	1,840,829,990
Members' equity				
Members' shares (permanent)	15	22,786,546	22,069,633	21,335,740
Reserve fund	17	109,254,179	103,584,506	98,155,740
Education fund	18	--	--	--
Investment re-measurement reserve		--	3,938,985	4,874,050
Undivided earnings		84,666,395	78,276,107	61,353,304
Total members' equity		216,707,120	207,869,231	185,718,834
Total liabilities and members' equity		2,217,707,085	2,133,628,199	2,026,548,824

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

On 28 May 2019, the Board of Directors of Eastern Credit Union Co-Operative Society Limited and its Subsidiary authorised these financial statements for issue.


Member: Board of Directors


Group Chief Executive Officer


Member: Supervisory Committee

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 December	
		2018 \$	2017 \$
	2n		Restated
Income			
Interest on loans		154,461,357	166,366,226
Investment income		9,583,016	9,804,242
Rental income		1,736,094	2,492,514
Other income	21	19,264,490	17,932,507
		<u>185,044,957</u>	<u>196,595,489</u>
Expenditure			
Administrative expenses	22	54,137,496	53,371,005
Credit impairment losses	8	(3,990,514)	10,168,001
Board and committee expenses	23	1,916,711	1,695,973
Finance cost		4,213,840	3,922,562
Marketing expenses		5,478,998	4,548,758
Personnel costs	24	65,509,669	67,895,026
Total expenditure		<u>127,266,200</u>	<u>141,601,325</u>
Net surplus before taxation		57,778,757	54,994,164
Taxation	25	<u>(1,102,585)</u>	<u>(751,740)</u>
Net Surplus for the year		56,676,172	54,242,424
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Unrealised loss on available-for-sale financial assets		--	(935,065)
Total comprehensive income for the year		<u>56,676,172</u>	<u>53,307,359</u>

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Members' Shares Permanent \$	Reserve Fund \$	Education Fund \$	Investment Remeasurement Surplus \$	Undivided Earnings \$	Total \$
Balance as at 1 January 2018	22,069,633	100,994,732	--	3,938,985	54,968,146	181,971,496
Restatement – Note 2n	--	2,589,775	--	--	23,307,961	25,897,736
Balance as at 1 January 2018 - restated	22,069,633	103,584,507	--	3,938,985	78,276,107	207,869,232
Change on initial application of IFRS 9	--	--	--	(3,938,985)	(3,113,389)	(7,052,374)
Adjusted Balance as at 1 January 2018	22,069,633	103,584,507	--	--	75,162,718	200,816,857
Increase in Members' Shares (Permanent)	716,913	--	--	--	--	716,913
Total comprehensive income	--	--	--	--	56,676,172	56,676,172
Appropriations:						
(i) 10% to Reserve Fund	--	5,667,617	--	--	(5,667,617)	--
(ii) Education Fund	--	--	2,371,149	--	(2,371,149)	--
	22,786,546	109,252,124	2,371,149	--	123,800,124	258,209,942
Transfer	--	--	--	--	--	--
Entrance fees	--	2,055	--	--	(2,055)	--
Education supplies and expenses	--	--	(2,371,149)	--	2,371,149	--
Dividends and interest rebate paid	--	--	--	--	(41,502,822)	(41,502,822)
Balance as at 31 December 2018	22,786,546	109,254,179	--	--	84,666,395	216,707,120

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Changes in Equity (continued)

(Expressed in Trinidad and Tobago Dollars)

	Members' Shares Permanent \$	Reserve Fund \$	Education Fund \$	Investment Remeasurement Surplus \$	Undivided Earnings \$	Total \$
Balance as at 1 January 2017	21,335,740	94,599,071	--	4,874,050	29,343,288	150,152,149
Restatement – Note 2n	--	3,556,669	--	--	32,010,016	35,566,685
Balance as at 1 January 2017 - restated	21,335,740	98,155,740	--	4,874,050	61,353,304	185,718,834
Increase in Members' Shares (Permanent)	733,893	--	--	--	--	733,893
Total comprehensive income –restated	--	--	--	(935,065)	54,242,424	53,307,359
Appropriations:						
(i) 10% to Reserve Fund	--	5,424,242	--	--	(5,424,242)	--
(ii) Education Fund	--	--	2,433,218	--	(2,433,218)	--
	22,069,633	103,579,982	2,433,218	3,938,985	107,738,268	239,760,086
Transfer	--	--	--	--	--	--
Entrance fees	--	4,524	--	--	(4,524)	--
Education supplies and expenses	--	--	(2,433,218)	--	2,433,218	--
Dividends and interest rebate paid	--	--	--	--	(31,890,855)	(31,890,855)
Balance as at 31 December 2017 restated	22,069,633	103,584,506	--	3,938,985	78,276,107	207,869,231

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Year ended 31 December	
	2018 \$	2017 \$ Restated
Operating activities:		
Net surplus before taxation	57,778,757	54,994,164
Add items not involving cash:		
Bad debts written-off/expense	(315,611)	666,316
Depreciation	8,220,448	6,847,606
Impairment of investment securities	18,750	—
Loan loss expense (net of recoveries)	(4,009,263)	10,168,001
Gain on disposal of fixed assets	(205)	—
Changes in non-cash working capital amounts:	61,692,876	72,676,087
Net change in accounts receivable, prepayments and deferred charges	(3,003,865)	(1,131,465)
Net change in inventories	(2,077)	27,628
Net change in members' loans	45,955,835	10,440,197
Net change in accounts payable and accruals	14,758,362	19,952,193
Taxes paid	(146,778)	(83,457)
Cash generated from operating activities	119,254,353	101,881,183
Investing activities:		
Net change in property plant & equipment	(15,197,371)	(12,983,315)
Net change in intangible assets	835,305	(973,912)
Net change in investment property	24,149	(495,233)
Net change in investment securities	(55,967,948)	(11,694,490)
Proceeds from disposal of financial assets	—	—
Proceeds from disposal of property plant & equipment	—	—
Cash used in investing activities	(70,305,865)	(26,146,950)

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statements of Cash Flows (continued)

(Expressed in Trinidad and Tobago Dollars)

	Note	Year ended 31 December 2018	2017 Restated
Financing activities:			
Dividends and interest rebate		(41,502,822)	(31,890,853)
Increase in members' shares		26,936,508	40,937,931
Increase in members' deposits		33,307,232	33,616,460
Cash provided by financing activities		<u>18,740,918</u>	<u>42,663,538</u>
Net change in cash		67,689,406	118,397,771
Cash beginning of year		<u>407,327,412</u>	<u>288,929,641</u>
Cash end of year		<u>475,016,818</u>	<u>407,327,412</u>
Represented by:			
Cash and cash equivalents	5	<u>475,016,818</u>	<u>407,327,412</u>

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

1 Registration and objectives

The Group is registered under the Co-operative Societies Act Chapter 81:03. Its objectives are to promote the economic welfare of its members, encourage the spirit and practice of thrift, self-help and co-operation and promote the development of co-operative ideas. Its registered office is situated at La Joya Complex, Eastern Main Road, St. Joseph. Its fully owned subsidiary, EPL Properties Limited, incorporated in Trinidad and Tobago, is included in these consolidated statements.

2 Significant accounting policies

a. Basis of financial statements preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements are prepared under the historical cost except for the measurement at fair value of available for sale investments.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Eastern Credit Union Co-operative Society Limited and its wholly owned subsidiary, EPL Properties Limited. The Group has the power to govern the financial and operating policies of EPL Properties Limited so as to obtain benefits from its activities.

The results of EPL Properties Limited are included in the consolidated Statement of Comprehensive Income from the date of incorporation. Where necessary, adjustments are made to the financial statements of EPL Properties Limited to bring the accounting policies used in line with those used by Eastern Credit Union Co-operative Society Limited.

All inter-company transactions and balances have been eliminated on consolidation.

Investment in subsidiaries

Subsidiaries are all entities, (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

c. Use of estimates

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group'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 these consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. See Note 4.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

d. *New standards and interpretations*

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2018.

- **IFRS 9 – Financial Instruments** - IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. This standard is effective for fiscal year beginning 1 January 2018.
- **IFRS 15 – Revenues from Contracts with Customers** - The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. This standard is effective for fiscal year beginning 1 January 2018.

Other standards, amendments and interpretations which are effective for the financial year beginning 1 January 2018 are not material to the Group.

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2018, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

- **IFRS 16 – Leases** - IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. This standard is not effective for fiscal year beginning 1 January 2018.

The Group has not yet assessed how the consolidated financial statements would be affected by the new standards listed above.

There are no other standards, amendments or interpretations effective for the financial period after 31 December 2018, which could have a material impact on the Group's consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

e. Changes in accounting policies

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018. The adoption of this standard resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any phase of the IFRS 9 in the previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition to IFRS9 were recognised in the opening retained earnings and other reserves in the current period.

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Disclosures relating to the impact of the adoption of IFRS 9 on the Group are set out below. Further details on the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied to the comparative period) are described in more detail in note 3 (ii) below.

i. Classification and measurement

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
	Measurement Category	Carrying Amount \$	Measurement Category	Carrying Amount \$
Financial Assets				
Cash and cash equivalents	Amortised cost	407,327,412	Fair Value through Profit or Loss	139,863,546
			Amortised cost	267,463,866
Investment securities	Fair Value (available for sale)	91,596,421	Fair Value through Profit or Loss	74,023,619
	Amortised cost (Hold to maturity)	130,989,088	Amortised cost	146,256,787
Accounts receivable	Amortised Cost (Loans and receivables)	21,812,887	Amortised cost	21,812,887
Loans to members	Amortised cost (Loans and receivables)	1,364,538,016	Amortised cost	1,359,790,746

There were no changes to the classification and measurement of financial liabilities.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

e. Changes in accounting policies (continued)

ii. Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. Please refer to note 3 (ii) for more detailed information regarding the new classification requirements of IFRS 9.

The following table reconciles the carrying amounts of 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 amount 31 December 2017 \$	Reclassifications \$	Remeasurements \$	IFRS 9 carrying amount 1 January 2018 \$
Amortised cost				
Cash and cash equivalents				
Opening balance under IAS 39 and closing balance under IFRS 9	407,327,412			
Subtraction: Fair Value through Profit or Loss (IFRS9)	(A)	(139,863,546)		
Closing balance under IFRS 9				267,463,866
Investment securities – held to maturity				
Opening balance under IAS 39	130,989,088			
Addition: from available for sale IAS 39	(B)	17,572,803		
Remeasurement: ECL Allowance			(2,305,104)	
Closing balance under IFRS 9				146,256,787
Accounts receivable				
Opening balance under IAS 39 and closing balance under IFRS 9	21,812,887			21,812,887
Loans to members				
Opening balance under IAS 39	1,364,538,016			
Remeasurement: ECL Allowance			(4,747,270)	
Closing balance under IFRS 9				1,359,790,746
Total financial assets measured at amortised cost	1,924,667,403	(122,290,743)	(7,052,374)	1,795,324,286

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

e. Changes in accounting policies (continued)

ii. Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (continued)

	IAS 39 carrying amount 31 December 2017 \$	Reclassifications \$	Remeasurements \$	IFRS 9 carrying amount 1 January 2018 \$
<i>Fair value through profit or loss (FVTPL)</i>				
Cash equivalents – available for sale				
Opening Balance under IAS 39				
Addition: from amortised cost (A)		139,863,546		
Closing balance under IFRS 9				139,863,546
Investment securities – available for sale				
Opening balance under IAS 39	91,596,421			
Subtraction: to amortised cost (B)		(17,572,803)		
Closing balance under IFRS 9				74,023,618
Total financial assets measured at FVTPL	91,596,421	122,290,743		213,887,164

The total remeasurement loss of \$7,052,374 was recognised in opening reserves at 1 January 2018. In addition, an amount of \$3,938,985 was reclassified from the Investment remeasurement surplus to retained earnings at 1 January 2018 in respect to the unrealised gains on financial assets which were Fair valued to other comprehensive income under IAS 39 but are now reclassified as Fair value through profit or loss under IFRS 9.

The following explains how applying the new classification requirements of IFRS 9 led to changes in the classification of certain financial assets held by the Group as shown in the table above:

(A) Designation of cash deposits to be measured at amortised cost

The Group deemed its cash balances and deposits held in current and savings accounts as measured at amortised cost under IFRS 9. These cash balances are held for use by the Group to meet operational or investment purposes. The interest rate earned on these balances range from nil to typical benchmark rates available in the market.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

e. Changes in accounting policies (continued)

ii. Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (continued)

(B) Debt instruments previously classified as available for sale

The Group had several debt instruments that were classified as available for sale under IAS 39. The Group held these assets to collect the contractual cash flows and there was no intention to sell these assets. The interest payments were deemed to be only the consideration for credit risk and the time value of money. These debt instruments were therefore reclassified to amortised cost under IFRS 9.

Reclassification from retired categories with no change in measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired' with no changes to their measurement basis:

- (i) Those previously classified as available for sale and now classified as measured at Fair Value through profit or loss; and
- (ii) Those previously classified as held to maturity and now classified as measured at amortised cost.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

e. Changes in accounting policies (continued)

iii. Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018.

Measurement category	Loan loss allowance under IAS 39/Provision under IAS 37	Reclassification	Remeasurement	Loan loss allowance under IFRS 9
	\$	\$	\$	\$
Loans and receivables (IAS 39)/Financial assets at amortised cost (IFRS 9)				
Accounts receivable	638,293	--	--	638,293
Loans to members	86,236,554	--	4,747,270	90,983,824
Total	86,874,847	--	4,747,270	91,667,117
Held to maturity (IAS 39)/ financial assets at amortised cost (IFRS 9)				
Investment Securities	9,731,805		2,305,104	12,036,909
Available for sale financial instruments (IAS 39)/Financial Assets at FVTPL (IFRS 9)				
Investment Securities	--	--	--	--
Total	96,606,652	--	7,052,374	103,704,026

Further information on the measurement of the impairment allowance under IFRS 9 can be found in note 3 (ii).

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

f. Property, plant & equipment

Property, Plant & Equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the straight line method.

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

Buildings	-	2%
Furniture, fixtures and fittings	-	10%
Office and other equipment	-	10 - 25%
Computer hardware and software	-	10 - 25%
Motor vehicles	-	25%
Leasehold improvements	-	20%

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

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

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

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments

Under IFRS9 (Policy applicable 1 January 2018)

i. Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest methods of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expired life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit impaired (see note 3 (ii)) at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- (a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- (b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3') for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of expected credit loss provision).

Initial recognition and measurement

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

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date on which the Group commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

i. Measurement methods (continued)

Initial recognition and measurement (continued)

When financial assets or financial liabilities that are not designated at fair value through profit or loss are recognised initially, they are measured at fair value of the consideration given plus or minus transaction costs that are incremental and directly attributable to the acquisition of the asset.

Financial assets or financial liabilities that are designated at fair value through profit or loss are recognised initially at fair value of the consideration given, the transaction costs attributable to the acquisition are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments valued at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price in initial recognition, the Group recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

ii. Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories.

- o Fair value through profit or loss (FVPL)
- o Amortised cost

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) The Group's business model for managing the asset; and
- (ii) The cash flow characteristics of the asset.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

iii Financial assets (continued)

Classification and subsequent measurement (continued)

Based on these factors the Group classifies its debt instruments into one of the following three measurement categories:

a. Amortised cost

Financial assets are measured at amortised cost if the assets are held to collect the contractual cash flows and the cash flows represent solely payments of principal and interest (SPPI), and the Group has not designated the assets as FVPL. The carrying amount of these assets are adjusted by an expected credit loss allowance recognised and measured in note 3 (ii). Interest income from these financial assets are included in income using the effective interest rate method.

b. Fair value through profit or loss

Any financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at Fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss statement within 'Investment Income' in the period in which it arises. Interest income from these financial assets are recognised in 'Investment Income' using the effective interest rate method.'

Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objectives is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows from the sale of assets. If neither of these is applicable then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for the assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with basic a lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

iii Financial assets (continued)

Classification and subsequent measurement (continued)

Reclassification

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the periods.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Example of equity instruments include basic ordinary shares.

The Group subsequently measures all equity instruments at fair value through profit or loss. Gains and losses on equity investments at FVPL are included in the 'Investment Income' line in the statement of profit or loss.

The following therefore summarises classifications of Financial Instruments in the business models applied by the Group.

Hold for Trading (FVPTL)

Cash equivalents
Mutual funds
Equity instruments

Hold to Collect (Amortised Cost)

Cash
Term deposits
Government and Government Guaranteed Bonds/Notes
Corporate Bonds/Notes
Accounts receivables
Loans

Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without due cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3 (ii) provides more detail of how expected credit loss allowance is measured.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

iii Financial assets (continued)

Classification and subsequent measurement (continued)

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to members. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether the new financial asset recognised is deemed to be credit-impaired at initial recognition. Especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 3 (ii).

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

iii Financial assets (continued)

Classification and subsequent measurement (continued)

Derecognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

iv. Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

Under IAS 39 – Policies applicable for the year ended 31 December 2017

Financial instruments

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

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Eastern Credit Union has classified its Financial Instruments as "Loans and receivables" – Cash, Loans to members, Receivables; "Financial assets" – available for sale and held-to-maturity and "Financial Liabilities" – Accounts Payable and Members' Deposits and Shares

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that arise as a result of the Group's normal business operations.

Cash and cash equivalents

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

Loans to members

Loans to members are stated at principal amounts outstanding net of allowances for loan losses.

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

Accounts receivable

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

Investments

The Group has classified all investments into the following categories:

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

Available-for-sale

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

For actively traded investments, fair value is determined by reference to the Stock Exchange and other quoted market prices at the reporting date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is stated at cost, including transaction costs, less impairment losses.

Held to maturity

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

Recognition of financial assets

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

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

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

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

- (i) Significant financial difficulty of the issuer or obligor.
- (ii) A breach of contract, such as default or delinquency in interest or principal payments.
- (iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganisation.
- (iv) The disappearance of an active market for that financial asset because of financial difficulties.
- (v) Adverse changes in legal factors that negatively impact the borrower.
- (vi) Severe deterioration of the borrowers assets that negatively impact the operations of the borrower.
- (vii) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Group or national or economic conditions that correlate with defaults on assets in the Group.

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

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

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

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

g. Financial instruments (continued)

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

Impairment of financial assets (continued)

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

Financial liabilities

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

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

Accounts payable

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

Members' deposits

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

Members' shares

Members' shares (permanent) are classified as equity and members' shares (non-permanent) are classified as liabilities and stated at fair value. In accordance with the Group's bye-laws, shareholdings comprise the following:-

- (i) Section 6 (b) requires every member, not being a minor, to purchase four (4) special shares at twenty-five dollars (\$25.00) each. These shares are classified as Members' shares (permanent). and
- (ii) Section 7 requires that every member shall purchase at least one (1) ordinary share valued at five dollars (\$5.00) each. These shares are classified as Members' shares (non-permanent).

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

h. *Revenue recognition*

Loan interest

Interest charged on all loans to members is calculated between 0.50% to 1.75% per month on the outstanding balance at the end of each month in accordance with Section 12 of the Bye-laws and the General Loan Policy. Loan interest is accounted for on the accrual basis.

Investment income

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

i. *Dividends payable to members*

Dividends are computed on the basis of the average value of shares held throughout the year, the average being determined on the basis of the lowest value of shares held in each month. Dividends that are proposed and declared after the reporting date are not shown as a liability in accordance with IAS #10 but are disclosed as a note to the consolidated financial statements.

j. *Foreign currency*

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

k. *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

l. *Intangible assets*

Intangible assets comprise separately identifiable items arising from computer software licenses. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight line method over the period the benefits from these assets are expected to be consumed, generally not exceeding 10 years. Intangible assets with an indefinite useful life are not amortised. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in the estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

The Group chooses to use the cost model for the measurement after recognition.

Intangible assets with indefinite useful life are tested annually for impairment and whenever there is an indication that the asset may be impaired.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

l. *Intangible assets (continued)*

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets when the following criteria are met –

- It is technically feasible to complete the software and use it
- Management intends to complete the software and use it
- There is an ability to use the software
- Adequate technical, financial and other resources to complete the development and to use it.
- The expenditure attributable to the software during its development can be reliably measured.

The software development costs are amortised using the straight-line method over their useful lives but not exceeding a period of 10 years.

m. *Investment property*

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

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

n. Comparative figures

In computing the loan loss provision originally reported in the financial statements for the years ended 31 December 2016 & 2017, the approach to computing the provision was found to be non-compliant with IAS 39 in respect of the collateral used in computation of the loan loss provision not being reflective of present value of collateral expected to be realized. In an attempt to address this matter, management completed the review of all collateral values and the actual historical performance of the loans to determine the appropriate provision.

- For the year ended 31 December 2016, the provision for loan losses was reduced from \$120,000,000 to \$84,433,315 by a value of \$35,566,685.
- For the year ended 31 December 2017, the provision for loan losses was reduced from \$112,134,290 to \$86,236,554 by a value of \$25,897,736.
- The provision expense for the year ended 31 December 2017 was increased from \$499,052 to \$10,168,001 by a value of \$9,668,949.

The following details the adjustments made and the impact on the previously presented financials 2017 and 2016.

Statement of Financial Position

	As previously presented \$	Adjustment \$	Restated \$
Year end: 31 December 2017			
Assets:			
Loans to members	1,338,640,280	25,897,736	1,364,538,016
Total Assets	2,107,730,463	25,897,736	2,133,628,199
Members' equity:			
Reserve Fund	100,994,732	2,589,775	103,584,507
Undivided Earnings	54,968,146	23,307,961	78,276,107
Total members' equity	181,971,496	25,897,736	207,869,232

Statement of Comprehensive Income

	As previously presented \$	Adjustment \$	Restated \$
Year end: 31 December 2017			
Expenditure:			
Provision for loan losses	499,052	9,668,949	10,168,001
Total Expenditure	131,932,376	9,668,949	141,601,325
Net Surplus for the year	63,911,373	(9,668,949)	54,242,424
Total comprehensive income for the year	62,976,308	(9,668,949)	53,307,359

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

2 Significant accounting policies (continued)

n. Comparative figures (continued)

Statement of Cash Flow

	As previously presented \$	Adjustment \$	Restated \$
Year end: 31 December 2017			
Operating Activities:			
Net surplus before taxation	64,663,113	(9,668,949)	54,994,164
Loan loss expense	499,052	9,668,949	10,168,001

Statement of Financial Position

	As previously presented \$	Adjustment \$	Restated \$
Year end: 31 December 2016			
Assets:			
Loans to members	1,359,091,525	35,566,685	1,394,658,210
Total Assets	1,990,982,139	35,566,685	2,026,548,824
Members' equity:			
Reserve Fund	94,599,071	3,556,669	98,155,740
Undivided Earnings	29,343,288	32,010,016	61,353,304
Total members' equity	150,152,149	35,566,685	185,718,834

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management

Financial risk factors

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

(i) *Interest rate risk*

The Group 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.

(a) *Bonds*

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

The market values of the floating rate bonds are not very sensitive to changes in interest rates. The market values of the fixed 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 Group actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

As at 31 December 2018, if interest rates had been 1% higher/lower with all other variables held constant, net equity would have been \$2,120,619 (2017: \$2,008,287) lower/higher, mainly as a result of lower/higher unrealised losses/gains on fixed rate investments.

(b) *Loans*

The Group generally invests in fixed rate loans to members for terms that average five years, however, mortgage loans can extend to a maximum of twenty-five (25) years. These are funded mainly from member deposits and shares and loan repayments.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(i) Interest rate risk (continued)

Interest rate sensitivity analysis

The Group's exposure to interest rate risk is summarised in the table below, which analyses financial assets and liabilities at their carrying amounts categorised according to their maturity dates.

	Effective Rate	2018				Total \$
		Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Non-Interest Bearing \$	
Financial assets						
Cash in hand and at bank	0.60%	209,788,074	--	--	265,228,744	475,016,818
Investment Securities	3.78%	126,517,106	45,165,757	67,128,093	37,418,648	276,229,604
Loans to members	11.52%	360,921,434	738,368,148	218,554,592	--	1,317,844,174
Accounts receivable	--%	--	--	--	24,664,508	24,664,508
Total financial assets		697,226,614	785,533,905	285,682,685	327,311,900	2,093,755,104
Financial liabilities						
Accounts payable and accruals	--%	--	--	--	97,711,211	97,711,211
Members' deposits	0.83%	456,271,739	--	--	--	456,271,739
Members' shares	--%	--	--	--	1,441,962,387	1,441,962,387
Total financial liabilities		456,271,739	--	--	1,539,673,598	1,995,945,337
Interest sensitivity gap		240,954,875	785,533,905	285,682,685		

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(i) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

	Effective Rate	Up to 1 year \$	1 to 5 years \$	Restated 2017 Over 5 years \$	Non-Interest Bearing \$	Total \$
Financial assets						
Cash in hand and at bank	.88%	227,133,757	--	--	180,193,655	407,327,412
Investment Securities	4.06%	52,381,798	62,661,632	68,100,259	39,441,820	222,585,509
Loans to members	12.04%	370,128,070	795,463,140	198,946,806	--	1,364,538,016
Accounts receivable	--%	--	--	--	21,649,105	21,649,105
Total financial assets		649,643,625	858,124,772	267,047,065	241,284,580	2,016,100,042
Financial liabilities						
Accounts payable and accruals	--%	--	--	--	82,952,848	82,952,848
Members' deposits	.81%	422,964,506	--	--	--	422,964,506
Members' shares	--%	--	--	--	1,415,742,792	1,415,742,792
Total financial liabilities		422,964,506	--	--	1,498,695,640	1,921,660,146
Interest sensitivity gap		226,679,119	858,124,772	267,047,065		

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) 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 Group relies heavily on its written Policies and Procedures Manuals, 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 Group's lending philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

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

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

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

Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). This similar approach is used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk (continued)*

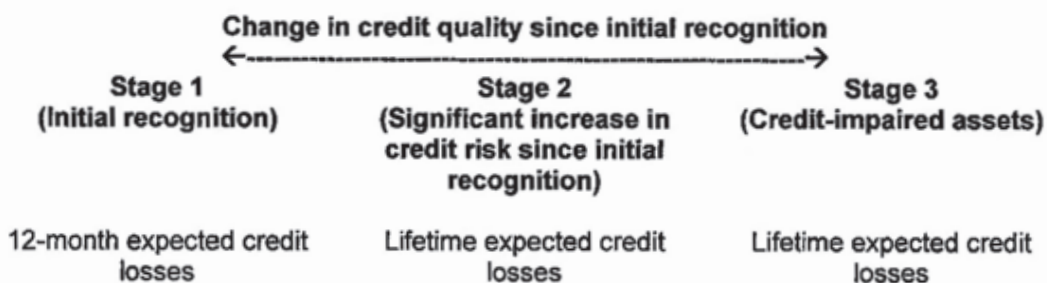
Expected Credit Loss Management

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified as 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is provided below of how the Group determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):



The key judgements and assumptions adopted by the Group in addressing the requirements of the standard is discussed below.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) Credit risk (continued)

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative and qualitative criteria have been met:

Quantitative criteria

- The borrower is more than 30 days past due on its contractual payments
- The remaining lifetime PD at the reporting date has increased, compared to the residual value Lifetime PD expected at the reporting date when the exposure was first recognised, so that it exceeds the relevant threshold as per the table below.

Government and Corporate Bonds

Lifetime PD Band at initial recognition as per S&P ratings	Change in credit quality since initial recognition		
	□-----□		
	Increase in lifetime PD that is considered significant		
	Stage 1	Stage 2	Stage 3
AAA	AAA – AA-	A+ - C	D
AA+	AA+ - A+	A - C	D
AA	AA - A	A- - C	D
AA-	AA- - A-	BBB+ - C	D
A+	A+ - BBB+	BBB - C	D
A	A - BBB	BBB - C	D
A-	A- - BBB-	BB+ - C	D
BBB+	BBB+ - BB+	BB - C	D
BBB	BBB - BB	BB - C	D
BBB-	BBB- - BB-	B+ - C	D
BB+	BB+ - B+	B - C	D
BB	BB - B	B- - C	D
BB-	BB- - B-	CCC+ - C	D
B+	B+ - B-	CCC+ - C	D
B	B - B-	CCC+ - C	D
B-	B-	CCC + C	D

Bonds rated AAA to BBB are investment grade assets. The issuer has adequate capacity to meet financial commitments. Bonds rated BB to B are speculative grade assets. The issuer has the capacity to meet financial commitments however the issuer has a higher level of vulnerability to adverse business, financial and economic conditions than are observed with investment grade assets

Bonds rated CCC+ to C carry substantial risk are highly speculative with imminent default potential. Bonds carrying these ratings are classified at Stage 2 by the Group. Bonds rated D have had a payment default or breached an imputed commitment. This rating may also be used when the issuer has filed a bankruptcy petition or taken similar action.

These thresholds have been determined separately for Loans and Government/Corporate Bonds by assessing how the lifetime PD moves prior to an instrument becoming delinquent. The Lifetime PD movements on instruments which do not subsequently become delinquent have also been assessed, to identify the "natural" movement in Lifetime PD which is now considered indicative of a significant increase in credit risk.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) Credit risk (continued)

Significant increase in credit risk (continued)

Qualitative criteria

For Loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance (payment relief arrangements)
- Direct debit cancellation
- Extension to the terms granted

For Investment portfolios, if the borrower or the instrument meets one or more of the following criteria.

- Significant increase in credit spread – The market interest yield for an investment security increases by 100 basis points above other similar financial instruments with the same expected life.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates where the changes are expected to reduce the borrowers surplus, investor ratios and/or cashflows below that which was evaluated on acquisition.
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral values (secured facilities only) which is expected to increase risk of default e.g. where house prices have declined such that borrowers have an incentive to default on mortgages.
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long term forbearance (payment relief arrangements)
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss given Default (LGD) throughout the Group's expected loss calculations.

Measuring ECL – explanation of Inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), Exposure at default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and available collateral and other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by calculating the PD, LGD and EAD for each individual exposure or collective segment. These three components are multiplied together and adjusted for forward looking economic assumptions.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and Lifetime EADs are determined on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayments/refinance assumptions are also incorporated into the calculation.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Forward looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note for an explanation of forward-looking information and its inclusion in ECL calculations.

Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. The Group applied professional judgement to determine a base economic scenario and to estimate the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario the Group considered two other possible scenarios, an 'upside' and a 'downside' scenario, along with scenario weightings. The Group determined that these three scenarios were appropriate to assess the impact the economic outlook may have on the default rates within its portfolios at each reporting date, 1 January 2018 and 31 December 2018.

The Group incorporated the weighted average of the probability of the scenario outcomes as a multiplier within the ECL model to arrive at a probability weighted ECL value which catered for the risks associated with a change in the economic conditions.

As with any economic forecasts, the projections and likelihood of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent the best possible outcomes.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) Credit risk (continued)

Significant increase in credit risk (continued)

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2018 are set out below. The scenarios "base", "upside" and "downside" were used for the Loan portfolio. The identical economic assumptions were determined for 1 January 2018.

Base case scenario		State	Multiplier	Weight	Score
Variables					
Unemployment rate	Stable		1.1	0.5	0.55
GDP Growth	Stable		1.1	0.4	0.44
Inflation Rate	Stable		1.1	0.1	0.11
Score					1.1
Probability of impact					80%
Upside Scenario		State	Multiplier	Weight	Score
Variables					
Unemployment Rate	Positive		0.7	0.5	0.35
GDP Growth	Positive		0.7	0.4	0.28
Inflation rate	Positive		0.7	0.1	0.07
Score					0.70
Probability of impact					10%
Downside Scenario		State	Multiplier	Weight	Score
Variables					
Unemployment rate	Negative		1.3	0.5	0.65
GDP Growth	Negative		1.3	0.4	0.52
Inflation Rate	Negative		1.3	0.1	0.13
Score					1.3
Probability of impact					10%
Weighted average adjustment factor:					1.08

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been contemplated, but are not deemed to have a material impact and therefore no adjustments has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) Credit risk (continued)

Significant increase in credit risk (continued)

Credit risk exposure

Maximum exposure to Credit Risk – Financial Instruments subject to impairment

	1 January 2018 ECL Staging			Purchased credit- impaired	Total
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loans to members	659,782,576	616,064,787	174,927,207	--	1,450,774,570
Loss Allowance	(1,610,439)	(3,977,392)	(85,395,993)	--	(90,983,824)
Carrying Amount	658,172,137	612,087,395	89,531,214	--	1,359,790,746
Investment Securities					
– Amortised Cost	141,230,087	--	17,063,609	--	158,293,696
Loss Allowance	(97,560)	--	(11,939,349)	--	(12,036,909)
Carrying Amount	141,132,527	--	5,124,260	--	146,256,787
	31 December 2018 ECL Staging			Purchased credit- impaired	Total
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loans to members	361,614,784	872,256,084	138,927,812	--	1,372,798,680
Loss Allowance	(135,201)	(6,096,925)	(48,722,380)	--	(54,954,506)
Carrying Amount	361,479,583	866,159,159	90,205,432	--	1,317,844,174
Financial Instruments –					
Amortised Cost	197,112,102	--	17,063,609	--	214,175,711
Loss Allowance	(116,309)	--	(11,939,349)	--	(12,055,658)
Carrying Amount	196,995,793	--	5,124,260	--	202,120,053

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between stages 1 and stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down" between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time as ECL is measured on a present Value basis;
- Financial Assets written off during the period and allowances related to assets that were written off during the period.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) Credit risk (continued)

Significant increase in credit risk (continued)

Credit risk exposure (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loans to members	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired \$	Total \$
	\$	\$	\$		
Loss allowance as at 1 January 2018	1,610,439	3,977,392	85,395,993	--	90,983,824
Movements with P&L Impact:					
Transfers:					
Transfer from Stage 1 to Stage 2	(213,664)	564,866	--	--	351,202
Transfer from Stage 1 to Stage 3	(16,252)	--	3,248,753	--	3,232,501
Transfer from Stage 2 to Stage 1	135,334	(357,783)	--	--	(222,449)
Transfer from Stage 2 to Stage 3	--	(236,222)	17,861,963	--	17,625,741
New Loans assets originated	127,929	1,298,403	1,479,271	--	2,905,603
Changes in PDs, LGDs, EADs	(733,550)	1,455,075	(19,464,546)	--	(18,743,021)
Loans derecognised	(775,035)	(604,806)	(7,778,999)	--	(9,158,840)
Total net P&L charge during the period	(1,475,238)	2,119,533	(4,653,558)	--	(4,009,263)
Other movements with no P&L impact:					
Write offs	--	--	(32,020,055)	--	(32,020,055)
Loss allowance as at 31 December 2018	135,201	6,096,925	48,722,380	--	54,954,506

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Investment Securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired \$	Total \$
	\$	\$	\$		
Loss allowance as at 1 January 2018	97,560	--	11,939,349	--	12,036,909
Movements with P&L Impact					
New Securities purchased	35,801	--	--	--	35,801
Changes in PDs, LGDs, EADs	(4,868)	--	--	--	(4,868)
Securities derecognised	(12,184)	--	--	--	(12,184)
Total net P&L charge during the period	18,749	--	--	--	18,749
Loss allowance as at 31 December 2018	116,309	--	11,939,349	--	12,055,658

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

		31 December 2018			
	Loans to members	Financial Assets (fair value through P&L)	Financial Assets (amortised cost)	Accounts Receivable	Cash and cash equivalents
Neither past due nor impaired	361,614,784	74,109,551	197,112,102	24,664,508	475,016,818
Past due but not impaired	872,256,084	--	--	--	--
Individually Impaired	138,927,812	--	17,063,609	190,231	--
Gross	1,372,798,680	74,109,551	214,175,711	24,854,739	475,016,818
Allowance for Impairment	(54,954,506)	--	(12,055,658)	(190,231)	--
Net	1,317,844,174	74,109,551	202,120,053	24,664,508	475,016,818

		Restated 31 December 2017			
	Loans to members	Financial Assets (fair value through P&L)	Financial Assets (amortised cost)	Accounts Receivable	Cash and cash equivalents
Neither past due nor impaired	1,107,252,514	52,276,599	127,457,283	21,649,105	407,327,412
Past due but not impaired	200,226,798	--	--	--	--
Individually Impaired	143,295,258	7,500,000	8,063,610	638,293	--
Gross	1,450,774,570	59,776,599	135,520,893	22,287,398	407,327,412
Allowance for Impairment	(86,236,554)	(3,700,000)	(4,531,805)	(638,293)	--
Net	1,364,538,016	56,076,599	130,989,088	21,649,105	407,327,412

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

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

Risk management

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

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

Liquidity gap

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

	Up to 1 year TTD	1 to 5 years TTD	2018 Over 5 years TTD	Total TTD	Carrying Values TTD
Assets					
Cash and cash equivalents	475,016,818	—	—	475,016,818	475,016,818
Investment Securities	174,510,597	62,603,803	82,135,388	319,249,788	276,229,604
Loans to members	373,558,051	817,145,203	323,027,562	1,513,730,816	1,317,844,174
Accounts receivable	24,664,508	—	—	24,664,508	24,664,508
Total financial assets	1,047,749,974	879,749,006	405,162,950	2,332,661,930	2,093,755,104
Financial liabilities					
Accounts payable and accruals	97,211,211	—	—	97,211,211	97,211,211
Members' deposits	460,074,744	—	—	460,074,744	456,271,739
Members' shares (non-permanent)	1,441,962,388	—	—	1,441,962,388	1,441,962,388
Total financial liabilities	1,999,248,343	—	—	1,999,248,343	1,995,945,338
Liquidity gap	(951,498,369)	879,749,006	405,162,950	333,413,587	

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(iii) *Liquidity risk (continued)*

Liquidity gap (continued)

	Up to 1 year TTD	1 to 5 years TTD	Restated 2017 Over 5 years TTD	Total TTD	Carrying Values TTD
Assets					
Cash and cash equivalents	407,327,412	--	--	407,327,412	407,327,412
Investment Securities	106,016,654	73,398,095	89,620,141	269,034,890	222,585,509
Loans to members	385,910,415	900,272,172	315,617,893	1,601,800,480	1,364,538,016
Accounts receivable	21,649,105	--	--	21,649,105	21,649,105
Total financial assets	920,903,586	973,670,267	405,238,034	2,299,811,887	2,016,100,042
Financial liabilities					
Accounts payable and accruals	82,952,848	--	--	82,952,848	82,952,848
Members' deposits	426,390,519	--	--	426,390,519	422,964,506
Members' shares (non-permanent)	1,415,742,792	--	--	1,415,742,792	1,415,742,792
Total financial liabilities	1,925,086,159	--	--	1,925,086,159	1,921,660,146
Liquidity gap	(1,004,182,573)	973,670,267	405,238,034	374,725,728	

(iv) *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 Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The operation of a Bureau de Charge at the various branches also provide exposure to currency risk. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(iv) Currency risk (continued)

As at 31 December 2018	TTD	USD	Other	Total
Financial assets				
Cash and cash				
Equivalents	466,367,678	6,822,148	1,826,992	475,016,818
Investment securities	270,844,955	5,384,649	--	276,229,604
Loans to members	1,317,844,174	--	--	1,317,844,174
Accounts receivable	24,664,508	--	--	24,664,508
Total financial assets	2,079,721,315	12,206,797	1,826,992	2,093,755,104
As at 31 December 2018	TTD	USD	Other	Total
Financial liabilities				
Accounts payable and				
Accruals	97,711,211	--	--	97,711,211
Members' deposits	456,271,739	--	--	456,271,739
Members' shares (non permanent)	1,441,962,388	--	--	1,441,962,387
Total financial liabilities	1,995,945,338	--	--	1,995,945,338
Net position	83,775,977	12,206,797	1,826,992	
As at 31 December 2017	TTD	USD	Other	Total
Financial assets				
Cash and cash				
Equivalents	397,677,804	7,768,095	1,881,513	407,327,412
Investment securities	216,575,404	6,010,105	--	222,585,509
Loans to members	1,364,538,016	--	--	1,364,538,016
Accounts receivable	21,649,105	--	--	21,649,105
Total financial assets	2,000,440,329	13,778,200	1,881,513	2,016,100,042
As at 31 December 2017	TTD	USD	Other	Total
Financial liabilities				
Accounts payable and				
Accruals	82,952,848	--	--	82,952,848
Members' deposits	422,964,506	--	--	422,964,506
Members' shares (non permanent)	1,415,742,792	--	--	1,415,742,792
Total financial liabilities	1,921,660,146	--	--	1,921,660,146
Net position	78,780,183	13,778,200	1,881,513	

Included in the category "Other" are assets denominated in the following currencies: UK pound sterling; Canadian Dollars; Barbados Dollars and Eastern Caribbean Dollars. A 500 basis point depreciation of the \$TT against any of these currencies will have an immaterial impact on the Group's surplus.

If the TT\$ were to appreciate by 500 basis points against the US\$ the profit would decrease by approximately \$0.62m. (In 2017 it would have decreased by 0.69m). In 2018 the TT\$ depreciated by 8 basis points against the US\$ and in 2017 the TT\$ depreciated by 21 basis points.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(v) Fair values

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

	2018	
	Carrying value TTD	Fair value TTD
Financial assets		
Cash in hand and at bank	475,016,818	475,016,818
Investment securities (amortised cost)	202,120,053	204,102,943
Investment securities (FVPTL)	74,109,551	74,109,551
Loans to members	1,317,844,174	1,317,844,174
Accounts receivable	24,664,508	24,664,508
Financial liabilities		
Accounts payable and accruals	97,711,211	97,711,211
Members deposits	456,271,739	456,271,739
Members' shares (non-permanent)	1,441,962,388	1,441,962,388
	2017	
	Carrying value TTD	Fair value TTD
Financial assets		
Cash in hand and at bank	407,327,412	407,327,412
Investment securities (held to maturity)	130,989,088	137,482,259
Short-term investments (available for sale)	91,596,421	91,596,421
Loans to members	1,364,538,016	1,364,538,016
Accounts receivable	21,649,105	21,649,105
Financial liabilities		
Accounts payable and accruals	82,952,848	82,952,848
Members deposits	422,964,506	422,964,506
Members' shares (non-permanent)	1,415,742,793	1,415,742,793

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(v) *Fair values (continued)*

Fair value is the measurement-date price received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

(i) *Financial instruments where carrying value is equal to fair value*

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and short term investments

(ii) *Accounts receivable*

The carrying amounts of accounts receivable are a reasonable approximation of the fair values because of their short-term nature. This valuation is based on Level 3 inputs.

(iii) *Members' loans*

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with consolidated financial statement amounts. This valuation is based on Level 3 inputs.

(iv) *Investments*

The fair values of investments that are FVTPL are determined based on market prices available at 31 December 2018.

(v) *Accounts payable and accruals*

Settlement of these liabilities are either on demand by the Creditor or subject to normal credit terms up to 30 days. This valuation is based on Level 3 inputs.

(vi) *Members' deposit*

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. Repayment to depositors are made on demand or when contractually due up to a maximum of one (1) year. This valuation is based on Level 3 inputs.

(vii) *Members' shares (non-permanent)*

Shares are valued at par (\$5.00) each. Withdrawals by members are allowed subject to written notice of up to 60 days as per the Group's Bye Law 7. (c). Shares qualify for dividends distributed from Surplus at the rate approved by the Annual General Meeting of the Group's membership. This valuation is based on Level 3 inputs.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

Financial risk factors (continued)

(v) Fair values (continued)

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

As at 31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Fair valued financial assets:				
Investment securities – debt	–	5,791,607	–	5,791,607
Investment securities – equity	35,543,649	32,774,295	–	68,317,944
Total financial assets	35,543,649	38,565,902	–	74,109,551

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Available-for-sale financial assets:				
Investment securities – debt	–	12,606,176	10,572,804	23,178,980
Investment securities – equity	35,519,821	32,897,620	–	68,417,441
Total financial assets	35,519,821	45,503,796	10,572,804	91,596,421

The change in fair value of Level 3 Financial assets is summarised as follows:

	\$
Fair Value of Level 3 Assets as at 31 December 2017	10,572,804
Reclassified to amortised cost on transition to IFRS 9	(10,572,804)
Fair Value of Level 3 assets as at 31 December 2018	–

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Group's accounting policies. See Note 2 (c).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Consolidated 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 judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements, are as follows:

(i) *Estimation of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3 (ii), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3 (ii).

(ii) *The value of fair value through profit or loss financial assets.*

The Group uses the TTSE index to determine the fair value of financial assets which primarily comprise listed local equities. The carrying amount of fair value of financial assets would increase by \$1.3m if the index is increased by 100 basis points from management's estimates (2017 - \$1.2m).

(iii) *Fixed assets*

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.

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

5 Cash and cash equivalents

	2018 TTD	31 December 2017 TTD	2016 TTD
Money market mutual funds	156,746,707	136,890,328	135,624,079
Current/savings accounts	305,586,279	258,482,437	141,752,380
Cash in hand	12,683,832	11,954,647	11,533,182
	<u>475,016,818</u>	<u>407,327,412</u>	<u>288,929,641</u>

6 Investment Securities – amortised cost

	2018 TTD	31 December 2017 TTD	2016 TTD
ANSA Merchant Bank fixed deposit	7,000,000	--	--
Bourse Securities repo agreement	3,000,000	--	--
FCIS-Fixed Income Paper	7,000,000	--	--
JMMB			
-Secured Notes	10,000,000	--	--
-Repurchase agreement	2,000,000	--	--
Republic Bank Sync Fixed Deposit	40,000,000	12,000,000	--
Bonds:			
ANSA Merchant Bank Ltd.	8,000,000	--	--
Government of Trinidad and Tobago	60,295,567	60,355,124	61,244,056
Government of Belize	7,063,610	7,063,610	7,063,610
HDC Fixed Rate Loan	6,000,000	8,400,000	10,800,000
First Citizens Bank Limited	4,000,000	3,999,250	4,000,000
National Insurance Property			
Development Company Limited	6,118,597	6,129,011	6,731,924
National Investment Fund Bond	5,384,000	--	--
Prestige Holdings Limited	909,295	1,111,395	1,321,008
Trinidad and Tobago Mortgage			
Finance Company Limited	29,976,575	33,946,575	27,000,000
Urban Development Company of Trinidad and			
Tobago Government Campus Project	6,291,232	--	--
Urban Development Company of			
Trinidad and Tobago	1,136,836	1,515,928	1,907,757
Telecommunications Services of			
Trinidad and Tobago	--	--	1,666,666
Various overseas bonds held in foreign currencies	1,000,000	1,000,000	1,000,000
Other:			
Daniell Educational Community	7,500,000	--	--
R E Matthews & Associates	1,500,000	1,500,000	1,500,000
Provision for impairment	(12,055,659)	(6,031,805)	(6,031,805)
Total Investment securities	<u>202,120,053</u>	<u>130,989,088</u>	<u>118,203,216</u>

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

7 Investment securities – fair value

	2018 TTD	31 December 2017 TTD	2016 TTD
<i>Fair value through profit or loss</i>			
Shareholdings:			
- Capital and Credit Merchant Bank	1,050	1,050	1,050
- One Caribbean Media	241,198	306,127	466,456
- Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	200,000	200,000	200,000
- Co-operative Credit Union League	3,000	3,000	3,000
- First Caribbean International Bank Limited	692,627	763,559	709,317
- First Citizens Bank Limited	5,911,154	5,568,351	6,086,905
- Grace Kennedy and Company Limited	435,000	450,000	400,500
- Guardian Holdings Limited	1,716,260	1,614,802	1,199,486
- JMMB Group	220,021	207,448	113,153
- Republic Bank Limited	10,359,064	9,803,734	10,473,027
- Unilever Caribbean Limited	344,850	435,000	897,600
- National Enterprises Limited	395,440	484,515	526,430
- Massy Holdings Limited	2,658,508	2,716,203	2,941,328
- Scotiabank Trinidad and Tobago Limited	1,996,569	1,867,608	1,828,453
- PLIPDECO	55,063	58,635	55,063
- The West Indian Tobacco Company Limited	1,906,600	2,000,000	2,538,800
- Sagicor Financial Corporation Limited	540,000	469,800	463,800
- Trinidad Cement Limited	71,559	98,295	115,333
- Prestige Holdings Limited	366,500	535,000	550,000
- Royal Bank of Canada	1,024,814	1,222,175	1,013,007
- Clico Investment Fund	6,404,372	6,714,519	7,232,497
	<u>35,543,649</u>	<u>35,519,821</u>	<u>37,815,205</u>
Other			
- Bourse Securities Limited – Repurchase Agreements	--	2,000,000	2,000,000
- Home Mortgage Bank – Mutual Fund	2,160,558	2,128,411	2,096,743
- Trinidad and Tobago Unit Trust Corporation	601,374	593,972	587,024
- Schroders Energy Fund	463,215	605,498	669,152
- Praetorian Fund Investment	--	122,000	110,400
- First Citizens Bank Limited – El Tucuche Fund	26,897,422	26,705,255	26,242,371
- First Citizens Bank Limited – Immortelle Fund	5,413,658	5,464,866	5,306,870
- Ansa Merchant Bank Ltd.	--	5,000,000	5,000,000
- Guardian Life of the Caribbean Limited	3,029,675	2,883,794	2,762,813
- Urban Development Company of Trinidad and Tobago Government Campus Project	--	6,772,804	7,232,290
- Daniell Educational Community	--	7,500,000	7,500,000
- Provision for impairment		(3,700,000)	(3,700,000)
	<u>38,565,902</u>	<u>56,076,600</u>	<u>55,807,663</u>
Total Investment Securities	<u>74,109,551</u>	<u>91,596,421</u>	<u>93,622,868</u>

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

8 Loans to members

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

	2018 TTD	31 December 2017 TTD	2016 TTD
Loans to members	1,372,798,680	1,450,774,570	1,479,091,525
Less: Provision for loan losses	(54,954,506)	(86,236,554)	(84,433,315)
	<u>1,317,844,174</u>	<u>1,364,538,016</u>	<u>1,394,658,210</u>

Provision for loan losses

	2018 TTD	31 December 2017 TTD	2016 TTD
Balance, beginning of year	86,236,554	84,433,315	116,766,332
Provision adjustment on implementation of IFRS 9	4,747,270	—	—
Charge for the year	(4,009,263)	10,168,001	(15,916,407)
Amounts written off	(32,020,055)	(8,364,762)	(16,416,610)
Balance, end of year	<u>54,954,506</u>	<u>86,236,554</u>	<u>84,433,315</u>

9 Investment properties

	2018 TTD	31 December 2017 TTD	2016 TTD
Cost:			
Balance, beginning of year	20,853,596	20,358,364	20,142,644
Additions	151,650	519,733	392,978
Disposals	—	(24,501)	(177,278)
Balance, end of year	<u>21,005,246</u>	<u>20,853,596</u>	<u>20,358,364</u>
Accumulated depreciation:			
Balance, beginning of year	1,278,680	1,107,569	1,139,593
Additions	175,799	171,111	105,014
Disposals	—	—	(137,038)
Balance, end of year	<u>1,454,479</u>	<u>1,278,680</u>	<u>1,107,569</u>
Net book value, end of year	<u>19,550,767</u>	<u>19,574,916</u>	<u>19,250,795</u>

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

10 Accounts receivable and prepayments

	2018 TTD	31 December 2017 TTD	2016 TTD
Accrued interest on loans	12,587,794	14,924,754	15,299,638
Accrued interest on investments	3,838,166	3,091,853	3,117,532
Claim recoverable	190,231	194,631	195,631
Other receivables	7,179,168	3,203,596	4,911,740
Prepayments	1,339,233	1,094,363	1,161,060
Recoverable expenses	322,657	184,094	261,946
Rent receivable	—	11,053	42,917
Staff loans and advances	736,723	677,417	579,726
	<u>26,193,972</u>	<u>23,381,761</u>	<u>25,570,190</u>
Less: Provision for doubtful debts	<u>(190,231)</u>	<u>(638,293)</u>	<u>(3,244,028)</u>
	<u>26,003,741</u>	<u>22,743,468</u>	<u>22,326,162</u>
<i>Provision for doubtful debts</i>			
Balance, beginning of year	638,293	3,244,028	3,164,191
Bad debts written-off	(448,062)	(3,244,028)	—
Charge for the year	—	638,293	79,837
Balance, end of year	<u>190,231</u>	<u>638,293</u>	<u>3,244,028</u>

11 Inventories

	2018 TTD	31 December 2017 TTD	2016 TTD
Stationery/office supplies	253,447	272,098	262,418
ATM Card Stock	134,376	113,649	150,957
	<u>387,823</u>	<u>385,746</u>	<u>413,375</u>

Eastern Credit Union Co-Operative Society Limited and its subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

12 Intangible assets

	PC Software TTD	Network Software TTD	Total TTD
Cost			
Balance as at 1 January 2018	1,246,257	20,803,786	22,050,043
Additions	264,516	42,300	306,816
Transfers/Reclassifications	--	--	--
Balance as at 31 December 2018	1,510,773	20,846,086	22,356,859
Accumulated amortisation			
Balance as at 1 January 2018	1,005,899	14,573,532	15,579,431
Charge for the year	189,044	953,076	1,142,121
Balance as at 31 December 2018	1,194,943	15,526,608	16,721,552
Net book value			
Balance as at 31 December 2018	315,830	5,319,478	5,635,307
Balance as at 31 December 2017	240,358	6,230,254	6,470,612
Cost			
Balance as at 1 January 2017	1,240,107	19,836,024	21,076,131
Additions	6,150	967,762	973,912
Transfers/Reclassifications	--	--	--
Balance as at 31 December 2017	1,246,257	20,803,786	22,050,043
Accumulated amortisation			
Balance as at 1 January 2017	847,599	13,707,982	14,555,581
Charge for the year	158,300	865,550	1,023,850
Balance as at 31 December 2017	1,005,899	14,573,532	15,579,431
Net book value			
Balance as at 31 December 2017	240,358	6,230,254	6,470,612
Balance as at 31 December 2016	392,508	6,128,042	6,520,550
Cost			
Balance as at 1 January 2016	1,240,107	19,836,024	21,076,131
Additions	--	--	--
Balance as at 31 December 2016	1,240,107	19,836,024	21,076,131
Accumulated depreciation			
Balance as at 1 January 2016	689,936	12,851,797	13,541,733
Charge for the year	157,663	856,185	1,013,848
Balance as at 31 December 2016	847,599	13,707,982	14,555,581
Net book value			
Balance as at 31 December 2016	392,508	6,128,042	6,520,550
Balance as at 31 December 2015	550,171	6,984,227	7,534,398

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

13 Property plant & equipment

Cost

	Land and buildings TTD	Furniture, fixtures and fittings TTD	Office equipment TTD	Computer facilities TTD	Other equipment TTD	Motor vehicles TTD	Capital work-in-progress TTD	Total TTD
Balance as at 1 January 2018	96,143,954	18,159,678	19,040,489	21,465,399	7,573,786	1,556,587	4,638,292	168,578,185
Additions	4,065,816	853,873	448,187	539,248	51,327	--	8,119,455	14,077,906
Transfers	3,967,850	2,692,941	2,205,129	823,048	734,703	--	(10,423,671)	--
Reclassifications	--	--	--	--	--	--	(190,455)	(190,455)
Disposals	--	--	(28,695)	--	--	--	--	(28,695)
Balance as at 31 December 2018	104,177,620	21,706,492	21,665,110	22,827,695	8,359,816	1,556,587	2,143,621	182,436,941

Accumulated depreciation

Balance as at 1 January 2018	28,115,597	12,622,034	15,086,946	17,158,458	5,724,090	933,387	--	79,640,512
Charge for the year	2,689,430	1,020,134	1,468,253	946,198	495,743	282,772	--	6,902,530
Disposals	--	--	(20,901)	--	--	--	--	(20,901)
Balance as at 31 December 2018	30,805,027	13,642,168	16,534,298	18,104,656	6,219,833	1,216,159	--	86,522,141

Net book value

Balance as at 31 December 2018	73,372,593	8,064,324	5,130,812	4,723,039	2,139,983	340,428	2,143,621	95,914,800
Balance as at 31 December 2017	66,028,357	5,537,644	3,953,643	4,306,941	1,849,696	623,200	4,638,292	88,937,673

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

13 Property plant & equipment (continued)

Cost	Land and buildings TTD	Furniture, fixtures and fittings TTD	Office equipment TTD	Computer facilities TTD	Other equipment TTD	Motor vehicles TTD	Capital work-in-progress TTD	Total TTD
Balance as at 1 January 2017	92,576,888	15,509,787	18,085,119	20,236,113	7,133,584	1,556,587	700,629	155,798,707
Additions	3,653,933	2,756,108	1,040,768	1,264,031	440,202	--	4,305,315	13,460,357
Disposals	(86,867)	(106,217)	(85,398)	(34,745)	--	--	(367,652)	(680,879)
Balance as at 31 December 2017	96,143,954	18,159,678	19,040,489	21,465,399	7,573,786	1,556,587	4,638,292	168,578,185
Accumulated depreciation								
Balance as at 1 January 2017	26,322,467	12,124,910	13,988,783	15,957,743	5,199,520	598,281	--	74,191,704
Charge for the year	1,793,130	583,029	1,182,954	1,233,856	524,570	335,106	--	5,652,645
Disposals	--	(85,905)	(84,791)	(33,141)	--	--	--	(203,837)
Balance as at 31 December 2017	28,115,597	12,622,034	15,086,946	17,158,458	5,724,090	933,387	--	79,640,512
Net book value								
Balance as at 31 December 2017	68,026,357	5,537,644	3,953,543	4,306,941	1,849,696	623,600	4,683,292	88,937,673
Balance as at 31 December 2016	66,254,421	3,384,877	4,096,336	4,278,370	1,934,064	958,306	700,629	81,607,003

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

13 Property plant & equipment (continued)

Cost	Land and buildings TTD	Furniture, fixtures and fittings TTD	Office equipment TTD	Computer facilities TTD	Other equipment TTD	Motor vehicles TTD	Capital work-in-progress TTD	Total TTD
Balance as at 1 January 2016	91,576,061	16,017,092	17,791,182	19,270,540	7,762,429	1,501,019	194,055	154,112,378
Additions	1,000,827	282,970	308,492	1,275,484	62,334	634,403	737,829	4,302,339
Disposals	--	(790,275)	(245,810)	(309,911)	(691,179)	(578,835)	--	(2,616,010)
Transfers/Re-classifications	--	--	231,255	--	--	--	(231,255)	--
Balance as at 31 December 2016	92,576,888	15,509,787	18,085,119	20,236,113	7,133,584	1,556,587	700,629	155,798,707
Accumulated depreciation								
Balance as at 1 January 2016	24,242,551	12,184,489	13,068,547	15,248,762	4,913,987	591,295	--	70,241,631
Charge for the year	2,079,916	628,590	1,133,551	986,070	825,565	345,650	--	5,989,342
Disposals	--	(688,169)	(213,315)	(277,089)	(540,032)	(338,664)	--	(2,057,269)
Balance as at 31 December 2016	26,322,467	12,124,910	13,988,783	15,957,743	5,199,520	598,281	--	74,191,704
Net book value								
Balance as at 31 December 2016	66,254,421	3,384,877	4,096,336	4,278,370	1,934,064	958,306	700,629	81,607,003
Balance as at 31 December 2015	67,333,510	3,832,603	4,722,635	4,021,778	2,848,442	909,724	194,055	83,862,747

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

14 Accounts payable and accruals

	2018 TTD	2017 TTD	2016 TTD
CUNA Claims	44,550,645	35,946,231	29,128,787
Trade creditors	55,327	17,947	910,001
Interest payable	1,128,495	1,044,355	837,806
Other payables	9,776,852	7,236,762	9,805,992
Accrued expenses	1,828,258	722,316	1,182,552
Statutory deductions payable	407,160	925,942	866,042
Provision for retroactive salaries	14,033,554	8,556,394	462
Provision for severance	25,258,043	28,096,220	29,830,359
Automated Teller Machine – Branch Settlement	672,877	406,681	(49,350)
	<u>97,711,211</u>	<u>82,952,848</u>	<u>72,512,651</u>

Provision for retroactive salaries

The Group is in the process of negotiating retroactive salaries for the Collective Bargaining Units of various classes of employees. In 2018, the Group estimated its liability for these retroactive salaries as at 31 December 2018 and made an appropriate provision for payment.

15 Members' shares

According to the Bye-Laws of Eastern Credit Union Co-operative Group Limited, the capital of the Group may be composed of an unlimited number of shares of \$5 each. In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2, redeemable shares have been treated as liabilities.

16 Deferred taxation

	2018 TTD	31 December 2017 TTD	2016 TTD
Balance at beginning of year	4,070,257	3,425,665	3,002,996
Expense/(credit)	983,519	644,592	422,669
Balance at end of year	<u>5,053,776</u>	<u>4,070,257</u>	<u>3,425,665</u>

Deferred taxation is attributable to the following items:

Excess of written down value over net book value	11,459,306	11,152,093	9,275,037
Tax losses carried forward	(6,405,530)	(7,081,836)	(5,849,372)
	<u>5,053,776</u>	<u>4,070,257</u>	<u>3,425,665</u>

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

17 Reserve fund

In accordance with the Co-operatives Societies Act, 1971, Section 47 (2), 10% of the annual net surplus of the Group is charged to the Reserve Fund.

18 Education fund

The Board of Directors has set aside at the end of the year an amount to an Education Fund of between 2% to 5% of the net surplus for the year, after making provision for the Reserve Fund. This fund is to be used for educational purposes of its members.

19 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, whilst providing value to its members by offering loan and savings facilities. The Group's overall strategy remains unchanged from previous years.

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

20 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 Group.

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	
	2018	2017
	TTD	TTD
Assets, liabilities and members' equity		
Loans and other receivables		
Directors, committee members, key management personnel	7,328,206	7,112,551
Shares, deposits and other liabilities		
Directors, committee members, key management personnel	5,991,954	4,048,492
Interest and other income		
Directors, committee members, key management personnel	525,318	621,353
Interest and other expenses		
Directors, committee members, key management personnel	32,703	36,397
Key management compensation		
Short-term benefits	4,895,179	3,036,769

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued)

31 December 2018

(Expressed in Trinidad and Tobago Dollars)

21 Other income

	31 December	
	2018	2017
	TTD	TTD
Loan processing fees	9,415,952	9,440,791
Loan late fees	1,190,752	838,201
CUNA commissions	1,837,608	1,843,160
Service charges	293,860	260,839
Entrance fees	2,055	4,524
Commission	257,316	374,612
Miscellaneous income	3,948,044	3,104,830
Gym income	2,318,903	2,065,550
	<u>19,264,490</u>	<u>17,932,507</u>

22 Administrative expenses

	31 December	
	2018	2017
	TTD	TTD
Annual and special general meetings	1,350,726	1,225,837
Audit fees	909,097	615,121
Bad debt expense	(315,611)	638,293
Credit Union League dues	65,464	164,541
Computer supplies and expenses	3,949,721	2,614,350
Depreciation and amortisation	8,220,448	6,847,606
Donations and sponsorships	322,995	180,497
Education supplies and expenses	2,371,149	2,433,218
Electricity	1,540,971	1,453,144
Green fund levy	57,909	53,574
Insurances	6,225,326	5,922,940
Maintenance	3,573,361	4,151,902
Miscellaneous expenses	1,763,276	4,076,816
Motor vehicle expenses	98,754	75,823
Office expenses	1,607,370	2,091,650
Printing, postage and stationery	593,887	799,771
Professional services	3,744,960	2,331,763
Property rental	7,541,145	6,806,804
Rates and taxes	(539,593)	1,083,699
Security	5,379,738	4,808,162
Sports and family day expenses	416,860	279,784
Staff training	1,349,695	1,097,159
Telephone	3,909,848	3,618,551
	<u>54,137,496</u>	<u>53,371,005</u>

Eastern Credit Union Co-Operative Society Limited

Notes to the Consolidated Financial Statements (continued) 31 December 2018

(Expressed in Trinidad and Tobago Dollars)

23 Board and committee expenses

	31 December	
	2018 TTD	2017 TTD
Stipend	1,444,632	1,358,480
Meeting expenses	331,389	240,939
Training and conferences	3,600	—
Entertainment	2,419	3,491
Corporate wear	14,914	11,655
Donations	119,757	63,223
Miscellaneous	--	18,185
	<u>1,916,711</u>	<u>1,695,973</u>

24 Personnel costs

Salaries and other staff benefits	64,006,181	66,475,627
Travelling and subsistence	<u>1,503,488</u>	<u>1,419,399</u>
	<u>65,509,669</u>	<u>67,895,026</u>

The number of permanently employed staff as at the year-end 2018 was 351 (2017 – 333).

25 Taxation

Business levy	115,821	107,148
Deferred taxation	<u>986,764</u>	<u>644,592</u>
	<u>1,102,585</u>	<u>751,740</u>
Net surplus before taxation	(60,109,570)	(39,074,130)
Tax calculated at 25%	15,027,393	9,768,533
Portion re: Credit Union Activities	(14,506,409)	(9,489,209)
Other	<u>581,601</u>	<u>472,416</u>
	<u>1,102,585</u>	<u>751,740</u>

26 Subsequent events after the balance sheet date

Dividends

For the year ended 31 December 2018, the Board of Directors has proposed a dividend of 2.25% on Ordinary Shares and 5.00% on Special Shares, a total dividend of \$33,270,588. Also, an interest rebate of 7.5%, a total rebate of \$11,584,602. This dividend and rebate was subject to approval by the membership at the Annual General Meeting, which was held on 15 June 2019. This has not been included as a liability in these consolidated financial statements in accordance with IAS #10.

Other events

There were no other events after the reporting period which were material to the consolidated financial statements and should have resulted in adjustments to the consolidated financial

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Eastern Expands its Presence in Chaguanas

Eastern Credit Union Co-operative Society was founded on April 16th, 1973 from humble beginnings with an asset base of \$59.50. Since then, the Credit Union has witnessed significant growth, with a current asset base of over \$2 Billion, Dividend payments of \$35.5 Million in 2018 and interest rebates to members valued at \$6 Million.

During these challenging times, the One Hundred and Ninety Thousand (190,000) members of Eastern Credit Union continue to look towards the organization as their preferred provider for meeting their financial needs.

Our new Chaguanas location is testimony to our commitment to the people of the burgeoning borough of Chaguanas and environs. This significant investment speaks to Eastern Credit Union's continued emphasis on quality service and our insistence on putting our members first.

At Eastern Credit Union, we uphold the co-operative principles of:

- Voluntary Membership
- Democratic Control
- Members Economic Participation
- Autonomy and Independence
- Education, Training and Transformation
- Co-operation Amongst Cooperatives
- Concern for Community

We are People Helping People here to serve you during good times or difficult times. No matter the circumstances, Eastern Credit Union will continue to serve the people of Chaguanas with the quality and range of products and services that they have grown accustomed to.

*We are People Helping People.
Meaning we are people,
just as you are,
here to serve you.*



**Eastern
Credit Union**
Co-operative Society Limited
LEADING THE WAY®





**Eastern
Credit Union**
Co-operative Society Limited
LEADING THE WAY®

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