THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

ANNUAL REPORT 2021

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THE TRINIDAD BUILDING & LOAN ASSOCIATION

Board of Directors

Ms. Bliss Seepersad
President

Mr. Stephen Allum Poon
Vice President

Mr. Terence Boswell Inniss
Director

Mr. Mark Farrell
Director

Mr. Leslie Clarke
Director

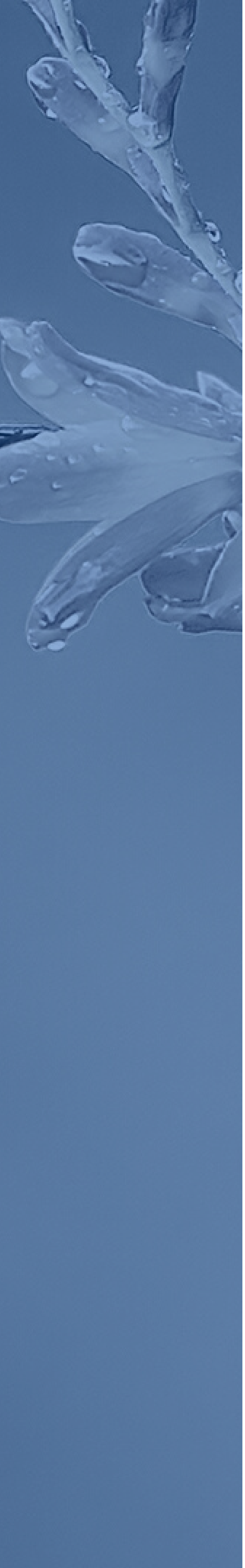
Mr. John B.C. Martin
Director

Ms. Joanne Prosper
Director

Ms. Jo-Anne Julien
Director/Ex Officio Counsel

Mr. Warren Sookdar
Director

Mr. Christopher Lewis
CEO/Secretary



Our Vision

To be a strong dynamic organization providing easy access to home mortgage financing and maintaining, and enhancing our customer service and thereby ensuring customer loyalty.

Our Mission

To enable you to own, renovate or improve your existing property by providing easy access to mortgage financing.

TBLA
THE TRINIDAD BUILDING & LOAN ASSOCIATION

THE TRINIDAD BUILDING & LOAN ASSOCIATION

Notice of Meeting
131st Annual Meeting

Notice is hereby given that the One Hundred and Thirty-First Annual Meeting of The Trinidad Building and Loan Association (TBLA) will be held at the Head Office of the Association at 89 Queen Janelle Commissiong Street, Port-of-Spain on **Thursday 12th May, 2022 at 2:00 p.m**. for the following purposes:-

Namely:

1. To receive and consider the Financial Statements and the General Statement of the Affairs of the Association under the Building Societies Act, Ch.33:04 for the year ended December 31, 2021 and the reports of the Directors and Auditors thereon.
2. To elect Directors.
3. To elect a President and Vice-President.
4. To appoint auditors for the ensuring year at a fee to be fixed by the Board.
5. To transact such other ordinary business of the Association as may directly arise out of the consideration of the Annual Report.

Mr. Terence Boswell Inniss and Mr. Leslie Clarke – Directors who retire by rotation under Rule 4.2, being eligible, offer themselves for re-election.

A bonafide member can attend and vote at the meeting is entitled, subjected to Rule 9.8 of the Rules of the Association, to appoint a proxy to attend and vote in his stead. A proxy must also be a member of the Association.

The Association's 2021 Annual Report can be collected at the Association's office or downloaded online from the Association's website at www.tblamortgages.com

The Association in compliance with the public health regulations require all physical attendees to wear facial masks.

In accordance with the Association's Rule 9.9 as to quorum is limiting attendance to ten (10) persons to be physically present at the Head Office for the Annual Meeting.

Members are invited to join and participate in the meeting virtually and must register by Wednesday 11th May, 2021 at 4:00 p.m. via the link https://bit.ly/TBLA2022.

BY ORDER OF THE BOARD

C. Lewis

Christopher Lewis
SECRETARY

President's Report

Global Prospective

The year 2021 was the second year of the COVID-19 pandemic. Many countries imposed new lockdowns and strategies to help reduce the fallout of this pandemic.

The global economy entered 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, countries reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment in China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies. Pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8 percentage-point downgrade. Global growth is expected to slow to 3.8 percent in 2023.

Monetary policy in many countries will need to continue on a tightening path to curb inflation pressures, while fiscal policy—operating with more limited space than earlier in the pandemic—will need to prioritize health and social spending while focusing support on the worst affected. In this context, international cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed.

(Source: International Monetary Fund (IMF))

National Prospective

Domestically, there was a resumption of business activity late in 2021 following a long period of lockdown. Available information for the third quarter of 2021 nonetheless showed a decline in the Central Bank's Quarterly Index of Real Economic Activity (2012=100) by 3.0 per cent, compared to the corresponding period of 2020. The decline was largely attributable to a 3.5 per cent fall-off in nonenergy sector production while activity in the energy sector declined 1.9 per cent.

Inflation accelerated during the second half of 2021. Supply-side factors, including a surge in international food prices, higher shipping costs, and international transportation delays caused inflation to rise above 2.0 per cent from July 2021. Specifically, headline inflation increased to 3.6 per cent in November 2021, compared to 1.8 per cent in June 2021. Food inflation moved to 6.1 per cent in November 2021, from 5.1 per cent in June 2021, with most sub-categories recording price increases. Core inflation (which excludes the food component) also increased to 3.0 per cent in November 2021, from 1.1 per cent in June 2021.

Monetary policy remained accommodative, with the Repo rate remaining unchanged from its 3.50 per cent level throughout 2021.

Following the prolonged lockdown period in 2021, Trinidad and Tobago is expected to grow in 2022. Growth is expected to be fairly broad-based. On the energy front, higher natural gas production is expected, as several projects being undertaken by major players are anticipated to come on stream in 2022. Full year production in nonenergy sectors will also surpass 2021 levels once there are no major reversals towards significant restrictions on mobility. At the same time, the nature of businesses will evolve in the direction of more electronic transactions and lower onsite activities, posing a challenge to the survival of some firms that are slow to adapt.

Higher prices, particularly imported inflation, will however pose a challenge. The international shortage of shipping containers, higher shipping costs (freight and insurance) are expected to persist into the early months of 2022, alongside some pressure on prices of international agricultural commodities. The widely expected rise in interest rates in the US and other areas will also feature into the calibration of domestic monetary policy and affect the public sector debt dynamics.

(Source: Central Bank of Trinidad and Tobago (CBTT))

Industry Review and Outlook

The real estate mortgage lending market continued to be competitive with the banks offering lower interest rates and dominating the market. The market grew by 3.7% from 2020 to 2021, from $24.8M in mortgage loans to $25.7M. The Association is estimated to hold 0.3% of the market for mortgages.

After consultation with the Bankers Association of Trinidad and Tobago, the Central Bank of Trinidad and Tobago, agreed to suspend the Mortgage Market Reference Rate (MMRR) for a period of 2 years commencing October 1, 2021 at a rate of 3.0%. The aim of this is enable commercial banks to lower mortgage rates outside the anniversary dates of mortgage contracts. This therefore adversely affects the Association's uptake on new mortgages. This rate has not changed since March 2016.

The Government of the Republic of Trinidad and Tobago also embarked on Government Aided Self-Help Housing Programme, allowing citizens to benefit from access to fully developed lots at 30% of the market value, at subsidized mortgages rates of between 2%-5%.

The Association continues to stay true to its moorings – being there for members/ individuals who may not necessarily find the typical Banks; a path that is open to them. This while also having a clear appreciation of our duty to our members. The Pandemic has emphasized the need for frugality and the need to build one's savings for a rainy day. The Association's core offerings are in keeping with these fundamental principles.

Result Analysis

The Association's net assets increased by 2.4% from $54.4M to $55.7M, with no further increase in its debts, as no new loans were negotiated in 2021. Funding for all loans provided were from internally generated cashflows. Members shareholding increased by 7.5% from $19.9M to $21.3M in 2021.

The Deposit portfolio decreased by 10.6% from $23.4M to $20.9M. This decrease is a consequence of members withdrawing funds and breaking of fixed deposits in order to sustain their monetary requirements, lost as a result of COVID-19.

Net Income for the year ending December 31, 2021 was $2.2M, which was 14.3% higher than 2020. Dividend paid were 4.5% and comparable to prior year.

Acknowledgement

In November 2021, the Association successfully recruited a new Chief Executive Officer who assumes the post in January 2022. The Association also thanks its outgoing Chief Executive Officer, Mr. Leslie Nelson, for his stewardship and support during his tenure, and wishes him all the best in his retirement. We would also like to thank the staff of the Association for the work done in what at times could have been trying circumstances, as we all came to terms with what we must do to continue to do what had to be done even during a pandemic.

Director's Report

Your Directors have the honour to present to the Shareholders their Annual Report as well as the Financial Statements and Report of the Auditors for the year 2021

Revenue and Appropriation Account

	2021	2020
Revenue	6,649,027	7,034,426
Expenditure	4,554,937	5,359,829
Net Income for the year	2,094,090	1,674,597
Net Surplus for the year	2,094,090	1,674,597
Appropriation to Dividend Reserve	(628,227)	(502,379)
The following dividends were declared:		
Interim dividends:		
- 2.0% at 30 June (2020: 2.5%)	(388,225)	(529,202)
Final dividends		
- 2.5% at 31 December (2020: 2.0%)	(495,366)	(378,890)
Total dividends declared	(883,591)	(908,092)
Balance After Appropriation and Dividends	582,272	264,126
To which was added the balance of:		
Revenue Reserve Brought forward	26,504,931	26,002,552
Transfer Dividend Reserve	45,819	238,253
Retained Earnings carried forward	27,133,022	26,504,931

Subscription Shares

In 2021 the Subscription share portfolio increased from $19,881,336 to $21,370,341 or 7.5%. During 2021, 95 shares were sold when compared to 341 in 2020. Also, in 2021, subscription share value of $580,736, matured. Total shares to the value of $1,312,707 were repaid in 2021, of which the amount of $476,233 was attributable to matured shares from the current and previous periods.

Savings Portfolio

At the end of 2021, this portfolio amounted to $7.6M compared with $7.3M in 2020. An increase of 3.2%.

Special (Fixed) Deposits

Special deposits as at 31st December 2021 was $13.43M, a decrease of $2.71M or 16.9%.

Mortgage Loan

The mortgage portfolio was $75.1M at 31st December 2021. New Loans disbursed in 2021 amounted to $6.68M. However, there were early repayments of $6.16M.

Interest Income

There was a decrease in interest income from $6.2M in 2020 to $5.9M in 2021. This was a result of a decrease in the mortgage portfolio.

Total Assets

Assets increase by 1.92% from $105.7M in 2020 to $107.7M as at 31st December 2021.

Net Income

In 2021, an interim dividend of 2.0% was paid and credited to the share accounts at 30th June 2021, while a final dividend of 2.5% was paid and credited on 31st December 2021. Total dividend paid for the year 2021 was therefore 4.5%.

Group Health and Accident Insurance Plan

This plan was established in 1966 and is operated on a 60% (company): 40% (employee) contributory basis for the benefit of the staff and to which the sum of $34,354 was contributed by the Association during this year (2020: $35,460).

Auditors

Messrs. PKF, the Auditors of the Association, whose term is office has come to a close and being eligible, have offered themselves for re-appointment.

Departmental Updates/Outlook

Accounting Department

During the year 2021 the Finance and IT department continued to give support to the Association in attaining its strategic objectives while dealing with an ongoing pandemic that has affected all aspects of the operations. In the quest to ensure we provide timely and accurate financial information to allow for informed decision making, the automation of processes remained high on the agenda. We explored the full capacity of our ERP software and successfully implemented the first stages of enhancements to ensure goal congruence throughout the Association.

The department was also instrumental in implementing a hybrid work model required to facilitate work from home and incorporate online banking solutions to receive funds from and transfer funds to our customers. This gave rise to the need to acquire new skills and embrace opportunities that presented itself due to the pandemic. One such opportunity is the proliferation of online training. We took this opportunity to commence the upskilling of the personnel in the department so that we remain current on the technological advances that would enable us to be more efficient. We closed the year with great anticipation for 2022 as we embrace our new normal.

- Lucyann Henry Coutou
Accountant

Mortgage and Investments

The year 2021 was challenging for the Mortgage and Investment department. The management of the Association's resources during the ongoing pandemic of COVID-19 was a day-to-day navigation into unchartered waters. We amended our opening hours for a period of time; staff members were rostered to work from home for certain days in the week and members were encouraged to utilize the online options available in lieu of visiting the office in-person. All in keeping our environment and employees safe.

Our staff quickly became upskilled to remain relevant in the digital landscape. There were challenges to overcome and there were opportunities to grow. We conducted online mortgage pre-assessments and completed mortgage applications with limited in-person appointments. Throughout the challenges, the Association remained true to its purposes and connected socially to ensure that the welfare of our customers was upheld and to enhance our business relationships and contacts.

There continue to be uncertainty in the economic environment leading to some customers delaying their dreams of home ownership as they consider the stark reality of the future economic conditions.

The mortgage and investment department readies itself to keep up with the demands of the future. We continue to build on a legacy that has stood the test of time and has remained steady on its course.

- Petrina Copeland-James
Manager, Mortgage and Investments

THE TRINIDAD BUILDING & LOAN ASSOCIATION

Financial Report

2021

THE TRINIDAD BUILDING & LOAN ASSOCIATION
Housing Finance Institution Since 1891
Thrift and Home Ownership

Statement of Management Responsibilities

Management is responsible for the following:

Preparing and fairly presenting the accompanying financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December, 2021 the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information:

- ensuring that the company keeps proper accounting records;
- electing appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of 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 financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

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

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

Signed
14th April, 2022
Date

Signed
14th April, 2022
Date

INDEPENDENT AUDITORS' REPORT

PKF
Chartered Accountants
& Business Advisors
PKF LIMITED

The Members
The Trinidad Building and Loan Association

Opinion

We have audited the financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Trinidad Building and Loan Association as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing {"ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Trinidad Building and Loan Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Association's 2021 Annual Report

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

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

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

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

Directors: Renee-Lisa Philip Mark K. Superville

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with Section 45(2) of the Building Societies Act Chapter 33:04, we

i verified that the accompanying financial statements are correct, duly vouched, and in accordance with law.

ii inspected

- the mortgage deeds and other securities belonging to the society; or
- copies thereof certified correct by the Attorney-at-Law who prepared the same and the Registrar General's receipts for their registration, where such mortgage deeds or securities have been registered with the Registrar General.

(ii) state one hundred and sixty-three (163) as the number of properties with respect to which we have certified in accordance with paragraph (ii), that we inspected the mortgage deeds and other securities or copies thereof.

PKF

14 April 2022
Barataria
TRINIDAD

THE TRINIDAD BUILDING & LOAN ASSOCIATION

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021 ($)	31 December 2020 ($)
Assets:			
Cash and cash equivalents	5	7,921,337	4,333,277
Accounts receivable and prepayments	6	1,589,914	1,553,806
Investments	7	11,810,177	6,727,576
		21,321,428	12,614,659
Mortgages	8	67,925,299	73,973,024
Land loans	9	7,221,866	7,887,421
Fixed assets	10	11,243,472	11,208,095
Total Assets		107,712,065	105,683,199
Liabilities:			
Accounts payable and accruals	11	4,113,635	2,510,443
Depositors	12	20,949,160	23,429,623
Unpaid matured shares	13	555,338	450,834
Members/Shareholders	14	21,370,341	19,881,336
Loan payable	15	5,000,000	5,000,000
Total Liabilities		51,988,474	51,272,236
Net Assets		**55,723,591**	**54,410,963**
Financed by:			
Dividend Reserve		5,964,260	5,381,852
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		421,599	319,470
Revenue Reserve		27,133,022	26,504,931
Special Reserve Fund		13,633,958	13,633,958
Total Funds		**55,723,591**	**54,410,963**

These financial statements were approved by the Board of Directors and authorised for issue on 14 April, 2022 and signed on their behalf by

President **Secretary**

(The accompanying notes form part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME

		31 December	
		2021 **($)**	**2020** **($)**
Interest earned	16	5,937,056	6,241,833
Other income	17	711,971	792,593
Total income		6,649,027	7,034,426
Interest paid	18	662,876	620,666
Other expenditure	19	3,892,061	4,739,163
Total expenditure		4,554,937	5,359,829
Net surplus for the year		2,094,090	1,674,597
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit and loss			
Net fair value gain on financial assets classified as fair value through other comprehensive income		102,129	247,031
Total comprehensive income for the year		**2,196,219**	**1,921,628**

(The accompanying notes form part of these financial statements)

For the year ended 31 December 2021

	Dividend Reserve ($)	Capital Reserve ($)	Investment Remeasurement Reserve ($)	Revenue Reserve ($)	Special Reserve Fund ($)
Balance as at 1 January 2020	5,117,726	8,570,752	72,439	26,002,552	13,633,958
Total comprehensive income for the year	-	-	247,031	1,674,597	-
Dividend Reserve Additions	502,379	-	-	(502,379)	-
Reserve Adjustment	(238,253)			238,253	-
Interim dividend June: 2.5%	-	-	-	(529,202)	-
Final dividend December: 2.0%	-	-	-	(378,890)	
Balance as at 31 December 2020	**5,381,852**	**8,570,752**	**319,470**	**26,504,931**	**13,633,958**
Balance as at 1 January 2021	5,381,852	8,570,752	319,470	26,504,931	13,633,958
Total comprehensive income for the year	-	-	102,129	2,094,090	-
Dividend Reserve Additions	628,227		-	(628,227)	-
Reserve Adjustment	(45,819)	-		45,819	-
Interim dividend June: 2.0%	-	-	-	(388,225)	-
Final dividend December: 2.5%	-	-	-	(495,366)	-
Balance as at 31 December 2021	**5,964,260**	**8,570,752**	**421,599**	**27,133,022**	**13,633,958**

(The accompanying notes form part of these financial statements)

STATEMENT OF CASH FLOWS

	31 December 2021 ($)	31 December 2020 ($)
Cash flows from operating activities:		
Net surplus for the year	2,094,090	1,674,597
Loss on disposal of fixed asset	4	1,476
Expected credit loss on financial assets	(19,923)	925,973
Depreciation	242,636	226,828
Operating profit before changes in operating assets	2,316,807	2,828,874
Net change in accounts receivable and prepayments	(36,108)	669,127
Net change in accounts payable and accruals	1,603,192	(98,552)
Net cash provided by operating activities	3,883,891	3,399,449
Cash flows from investment activities:		
Net change in land loans	523,550	1,806,882
Net change in investments	(4,980,472)	(539,339)
Net change in mortgages from members	6,209,653	322,189
Fixed assets purchased	(278,017)	(100,089)
Net cash provided by investing activities	1,474,714	1,489,643
Cash flows from financing activities:		
Net change in depositors	(2,480,463)	(2,891,084)
Net change in members' balances	104,504	16,560
Net change in amounts due to shareholders	1,489,005	(1,180,476)
Dividends paid	(883,591)	(908,092)
Net cash used in financing activities	(1,770,545)	(4,963,092)
Net change in cash and cash equivalents	3,588,060	(74,000)
Cash and cash equivalents, beginning of the year	4,333,277	4,407,277
Cash and cash equivalents, end of the year	**7,921,337**	**4,333,277**

(The accompanying notes form part of these financial statements)

1. Registration and Principal Activity

The Association is registered in the Republic of Trinidad and Tobago under the Building Societies Act Ch. 33:04 to make advances to members to acquire or to make improvements to freehold or leasehold estates, out of the funds of the Association by way of mortgage upon the security of such unencumbered estates. The address of its registered office is 89 Queen Janelle Commissiong Street, Port of Spain.

2. Statement of Accounting Policies

a) Basis of financial statements preparation -

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

b) Use of estimates -

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

c) New Accounting Standards and Interpretations -

The Association has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they:

- do not apply to the activities of the Association;
- have no material impact on its financial statements; or
- have not been early adopted by the entity.

IFRS 1 First-time Adoption of Financial Reporting Standards - Amendments regarding subsidiary as first-time adopter (effective for accounting periods beginning on or after 1 January 2022).

IFRS 3 Business Combinations - Amendments regarding the reference to the conceptual framework (effective for accounting periods beginning on or after 1 January 2022).

IFRS 4 Insurance Contracts - Amendments regarding the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).

2. Statement of Accounting Policies (cont'd)

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

IFRS 4	Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9 (effective for accounting periods beginning on or after 1 January 2023).
IFRS 7	Financial Instruments: Disclosures - Amendments regarding additional disclosures arising from interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 9	Financial Instruments - Amendments regarding fees in the 'ten percent' test for derecognition of financial liabilities (effective for accounting periods beginning on or after 1 January 2022).
IFRS 16	Leases - Amendments regarding the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 16	Leases – Amendment to extend the exemption from assessing whether a COVID -19 related rent concession is a lease modification (effective for accounting periods beginning on or after 1 April 2021)
IFRS 16	Leases - Amendments regarding the accounting treatment of lease incentives (effective for accounting periods beginning on or after 1 January 2022).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective for accounting periods beginning on or after 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current and non-current (effective for accounting periods beginning on or after 1 January 2023).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective for accounting periods beginning on or after 1 January 2023).

2. Statement of Accounting Policies (cont'd)

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

IFRS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective for accounting periods beginning on or after 1 January 2023).
IFRS 16	Property, Plant and Equipment - Amendments regarding proceeds before intended use (effective for accounting periods beginning on or after 1 January 2022).
IFRS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding onerous contracts and cost of fulfilling a contract (effective for accounting periods beginning on or after 1 January 2022).
IFRS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 41	Agriculture - Amendments regarding taxation in fair value measurements (effective for accounting periods beginning on or after 1 January 2022).

d) Fixed assets -

Fixed assets are stated at historical cost, and except for freehold buildings, are depreciated on the straight-line basis at rates estimated to write off the assets over their respective useful lives.

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

Office equipment and fittings	-	20%	Motor vehicles	-	25%
Computer equipment	-	20% to 33 1/3%	Machines	-	10%
Office furniture	-	5%			

Increases in the carrying amount arising on revaluation of land and buildings are credited to Capital Revaluation Reserve in Members' Equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the Capital Revaluation Reserve to the Revenue Reserve. When revalued assets are sold, the amounts included in the Capital Revaluation Reserve are transferred to the Revenue Reserve.

2. Statement of Accounting Policies (cont'd)

d) Fixed assets (cont'd)-

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

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

e) Income and expenditure -

(i) Income items are dealt with as follows:

(a) Mortgage interest, investments, bank deposits and savings revenues are dealt with on the accruals basis.
(b) Other income is dealt with on the receipts basis.

(ii) Expenditure items are dealt with on the accruals basis.

f) Financial Instruments -

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

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

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

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

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Initial measurement

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

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

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

(ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.

(iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Subsequent measurement

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

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

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Subsequent measurement (cont'd)

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

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

Reclassification

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

Impairment

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

(i) Twelve-month Expected credit loss (ECL) - These are losses that result from default events that are possible within twelve months after the reporting date. Such financial assets are at 'Stage 1'.

(ii) Lifetime ECL - These are losses that result from all possible default events over the life of the financial instrument. Such financial assets are at 'Stage 2' or 'Stage 3'.

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

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

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Impairment (cont’d)

Performing financial assets – Stage 1

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

Significant increase in credit risk – Stage 2

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

Credit-impaired financial assets – Stage 3

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

(i) significant financial difficulty of the borrower or issuer;

(ii) a breach of contract such as a default or past due event;

(iii) granted to the borrower of a concession that the lender would not otherwise consider;

(iv) the disappearance of an active market for a security because of financial difficulties; or

(v) the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Modification and Derecognition of Financial Assets

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

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

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

Write-off

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

Financial liabilities

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

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Measurement of ECL

The key inputs used for measuring ECL are:

(i) probability of default (PD);

(ii) loss given default (LGD); and

(iii) exposure at default (EAD).

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

(i) credit risk grade;

(ii) collateral type;

(iii) date of initial recognition;

(iv) remaining term to maturity;

(v) industry;

(vi) geographic location of the borrower;

(vii) income bracket of the borrower; and

(viii) the value of collateral relative to the financial asset.

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

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Measurement of ECL (cont'd)

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

Loans	**Stage 1 12 mth ECL ($)**	**Stage 2 Lifetime ECL ($)**	**Stage 3 Lifetime ECL ($)**	**Total ($)**
Low risk	63,547,910	-	-	63,547,910
Medium risk	-	2,050,505	-	2,050,505
Substandard	-	-	4,438,086	4,438,086
Doubtful	-	-	14,401	14,401
Impaired	-	-	6,325,468	6,325,468
Total gross carrying amount	**63,547,910**	**2,050,505**	**10,777,955**	**76,376,370**

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

	Stage 1 ($)	**Stage 2 ($)**	**Stage 3 ($)**	**Total ($)**
Loss allowance, beginning of year	241,246	76,720	931,162	1,249,128
Transfer to stage 1				
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Increase/(decrease) due to change in credit risk	(54,739)	(62,066)	96,882	(19,923)
Write-offs				-
Loss allowance on derecognised loans	-	-	-	-
	186,507	**14,654**	**1,028,044**	**1,229,205**

2. Statement of Accounting Policies (cont'd)

f) Financial Instruments (cont'd)-

Collateral held as security

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

General loans	Shares in the Association
Mortgage lending*	Deed of Mortgage on property

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

Assets obtained by taking possession of collateral

The Association obtained no assets during the year by taking possession of collateral held as security against loans held at the year end. The Association's policy is to realise collateral on a timely basis.

g) Dividend payable to members -

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

h) Provisions -

Provisions are recognised when the Association 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.

2. Statement of Accounting Policies (cont'd)

i) Retirement benefit plan -

The Association operates a defined benefit plan covering substantially all eligible employees of the Association. The fund of this plan is administered by three trustees and is separate from the Association's assets. Contributions to the plan are based upon the triennial actuarial valuation and are charged against profits on the accruals basis. The last actuarial valuation of the Plan, which was carried out as at 31 December 2018, revealed that the value of the assets exceeded the liabilities by **$15,278,000**.

j) Taxation -

The Association's net income and gross receipts are exempted from Corporation Tax and Business Levy under Sections 6(1)(J) and 3A(2)(c) of the Corporation Tax Act (Ch. 75:02 of the laws of Trinidad and Tobago).

k) Comparative information -

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

3. Financial Risk Management

Financial risk factors

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

Financial Instruments

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

	2021	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	7,921,337	7,921,337
Accounts receivable and prepayments	1,589,914	1,589,914
Investments	11,810,177	11,810,177
Mortgages and land loans	75,147,165	75,147,165
Financial Liabilities		
Accounts payable and accruals	4,113,635	4,113,635
Depositors	20,949,160	20,949,160
Members/Shareholders	21,370,341	21,370,341

3. Financial Risk Management (cont'd)

Financial risk factors (cont'd)

	2020 Carrying Value ($)	2020 Fair Value ($)
Financial Assets		
Cash and cash equivalents	4,333,277	4,333,277
Accounts receivable and prepayments	1,553,806	1,553,806
Investments	6,727,576	6,727,576
Mortgages and land loans	81,860,445	81,860,445
Financial Liabilities		
Accounts payable and accruals	2,510,443	2,510,443
Depositors	23,429,623	23,429,623
Members/Shareholders	19,881,336	19,881,336

a) Interest rate risk -

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

The Association 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 monitoring market conditions and yields.

i) Bonds

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

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

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

ii) Mortgage Loans

The Association grants mortgage loans on an adjustable rate basis of a long term nature. These are funded mainly from deposits and members' shares.

3. Financial Risk Management (cont'd)

a) Interest rate risk (cont'd) -

Interest rate sensitivity analysis

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

2021

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.85-4.22%	7,921,337	-	-	-	7,921,337
Accounts receivable and prepayments	0.0%	-	-	-	1,589,914	1,589,914
Investments	2.7-12%	6,756,567	1,042,411	4,011,199	-	11,810,177
Mortgages and land loans	5-13.0%	875,748	7,073,845	67,197,572	-	75,147,165
		15,553,652	**8,116,256**	**71,208,771**	**1,589,914**	**96,468,593**
Financial Liabilities						
Accounts payable and accruals	2.0%	-	-	-	4,113,635	4,113,635
Depositors	0.5-3%	20,949,160	-	-		20,949,160
Members/Shareholders	4.5%	7,089,043	8,476,810	5,804,488	-	21,370,341
		28,038,203	**8,476,810**	**5,804,488**	**4,113,635**	**46,433,136**

2020

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.85-4.22%	4,333,277	-	-	-	4,333,277
Accounts receivable and prepayments	0.0%	-	-	-	1,553,806	1,553,806
Investments	2.7-12%	1,672,275	1,044,277	4,011,199	-	6,727,576
Mortgages and land loans	5-13.0%	3,433,911	4,705,160	73,721,374	-	81,860,445
		9,439,463	**5,749,437**	**77,732,398**	**1,553,806**	**94,475,104**
Financial Liabilities						
Accounts payable and accruals	2.0%	-	-	-	2,510,443	2,510,443
Depositors	0.5-5.25%	18,472,948	3,970,545	983,130		23,429,623
Members/Shareholders	5.0%	981,913	7,271,466	11,627,957	-	19,881,336
		19,454,861	**11,242,011**	**12,614,087**	**2,510,443**	**45,821,402**

3. Financial Risk Management (cont'd)

b) Credit risk -

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

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 Association relies heavily on its Rules, 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 Association'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 Association'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 Association has policies to limit the amount of exposure to any single financial institution.

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

3. Financial Risk Management (cont'd)

b) Credit risk (cont'd) -

Credit risk management

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

(i) ensuring that the Association has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Association's policies and procedures, International Financial Reporting Standards and relevant supervisory guidance.

(ii) identifying, assessing and measuring credit risk across the Association, from an individual financial instrument to the portfolio level.

(iii) creating credit policies to protect the Association against the identified risks, including the obtaining collateral from borrowers, performing robust ongoing credit assessment of borrowers, and continually monitor exposures.

(iv) as far as possible, limiting concentrations of exposure by type of loan, industry, credit rating, geographic location, etc.

(v) establishing a robust control mechanism for loan approval.

(vi) categorising exposures according to the degree of risk of default.

(vii) developing and maintaining processes for measuring ECL.

(viii) providing guidance to promote best practice in the management of risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

3. Financial Risk Management (cont'd)

b) Credit risk (cont'd) -

Significant increase in credit risk

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

c) Liquidity risk -

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

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

(i) Risk management

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

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

3. Financial Risk Management (cont'd)

c) Liquidity risk (cont'd) -

(ii) Liquidity gap

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

2021

	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	7,921,337	-	-	7,921,337
Accounts receivable and prepayments	1,589,914	-	-	1,589,914
Investments	6,756,567	1,042,411	4,011,199	11,810,177
Mortgages and land loans	875,748	7,073,845	67,197,572	75,147,165
	17,143,566	**8,116,256**	**71,208,771**	**96,468,593**
Financial Liabilities				
Accounts payable and accruals	4,113,635	-	-	4,113,635
Depositors	20,949,160	-	-	20,949,160
Members/Shareholders	7,089,043	8,476,810	5,804,488	21,370,341
	32,151,838	**8,476,810**	**5,804,488**	**46,433,136**

2020

	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	4,333,277	-	-	4,333,277
Accounts receivable and prepayments	1,553,806	-	-	1,553,806
Investments	1,672,275	1,044,277	4,011,199	6,727,576
Mortgages and land loans	3,433,911	4,705,160	73,721,374	81,860,445
	10,993,269	**5,749,437**	**77,732,398**	**94,475,104**
Financial Liabilities				
Accounts payable and accruals	2,510,443	-	-	2,510,443
Depositors	18,472,948	3,970,545	983,130	23,429,623
Members/Shareholders	981,913	7,271,466	11,627,957	19,881,336
	21,965,304	**11,242,011**	**12,614,087**	**45,821,402**

3. Financial Risk Management (cont'd)

d) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Association's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Association. The Association engages in public social endeavours to engender trust and minimize this risk.

e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the Association's information technology and control systems, as well as the risk of human error and natural disasters. The Association's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

f) Compliance risk -

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

4. Critical Accounting Entries and Judgements

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 Association makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

4. Critical Accounting Entries and Judgements (cont'd)

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

i) Whether investments are classified as Fair Value through Profit and Loss, Fair Value through Other Comprehensive Income or Amortised Cost.

ii) Which depreciation method for fixed assets is used.

iii) Business model assessment:

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

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

iv) Significant increase of credit risk:

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

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

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

vi) Valuation models and assumptions used:

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

4. Critical Accounting Entries and Judgements (cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

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

ii) Probability of default (PD)

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

iii) Loss Given Default (LGD)

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

iv) Fair value measurement and valuation process

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

v) Exposure at Default (EAD)

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

vi) Plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

5. Cash and Cash Equivalents

	31 December 2021 ($)	2020 ($)
Cash on hand	87,432	40,083
First Citizens Bank Limited	500	-
RBTT Bank Limited	436,323	1,215,744
Trinidad and Tobago Unit Trust Corporation	5,862,227	1,566,765
Guardian Asset Management	1,534,855	1,510,685
	7,921,337	**4,333,277**

As at 31 December 2021, cash and cash equivalents comprise 7.0% (2020 – 4%) of total assets.

6. Accounts Receivable and Prepayments

	31 December 2021 ($)	2020 ($)
Accrued commissions and interest on loans	1,186,657	1,090,904
Interest receivable	53,123	62,989
Staff loans	61,331	69,783
Prepayments	33,239	76,027
Judgement debtors	315,028	328,440
Other	(59,464)	(74,337)
	1,589,914	**1,553,806**

7. Investments

	31 December 2021 ($)	2020 ($)
Financial assets at fair value through other comprehensive income –		
ROYTRIN Income and Growth Fund	6,656,541	1,517,920
Amortised Cost –		
Caribbean Finance Company Ltd 4.25% - Maturity May '20	150,579	134,959
WASA – Government of Trinidad and Tobago $330M Redeemable Floating Rate Bond 9.00% - 11.50% - Maturity '21	-	69,945
Government of Trinidad and Tobago Fixed Bond 5.95% - Maturity April '23	1,042,411	1,044,277
Government of Trinidad and Tobago Fixed Bond - Maturity April '28	1,972,799	1,969,211
NIPDEC TT$750M Fixed Rate Bond 6.55% - Maturity April '30	2,038,400	2,041,817
Expected credit loss	(50,553)	(50,553)
	11,810,177	**6,727,576**

8. Mortgages

Statement pursuant to section 45(1) of the Building Societies Act Ch. 33:04.

Mortgages on properties where the present debt does not exceed $100,000 and the repayments are not upwards of 12 months in arrears and the property has not been upwards of 12 months in possession of the Association Section 45(1) (a).

		31 December 2021 ($)	31 December 2020 ($)
On 109	Mortgages where the debt does not exceed $10,000 (2020: 115)	331,803	137,997
On 14	Mortgages where the debt exceeds $10,000 and does not exceed $25,000 (2020: 19)	209,421	243,551
On 18	Mortgages where the debt exceeds $25,000 and does not exceed $50,000 (2020: 18)	692,160	353,705
On 13	Mortgages where the debt exceeds $50,000 and does not exceed $100,000 (2020: 17)	944,812	1,414,136
On 161	Mortgages where the debt exceeds $100,000 Section 45(1) (b) (2020: 170)	67,250,611	73,347,066
Mortgages on properties of which the repayments are upwards of 12 months in arrears and the property has been upwards of 12 months in possession of the Association Section 45(1) (b).			
On 0	Mortgages (2020: 0)	-	-
	Total Mortgages 313 (2020: 339)	69,428,807	75,496,455
Less:	Accrued interest on demand loans	(274,303)	(274,303)
	Allowance for Expected Credit Loss	(1,229,205)	(1,249,128)
		67,925,299	**73,973,024**

Allowance for expected credit loss -

	2021 ($)	2020 ($)
Balance brought forward	1,249,128	455,561
Change in expected credit loss	(19,923)	925,973
Bad debts written-off	-	(132,406)
Balance carried forward	1,229,205	1,249,128

8. Mortgages cont'd

The probabilities of various outcomes were taken into consideration in the estimations used to calculate the Expected Credit Loss (ECL) for 2020 and 2021. A major factor was the economic environment which was negatively impacted by low oil prices and the COVID-19 pandemic.

9. Land Loans

	31 December 2021 ($)	31 December 2020 ($)
Balance brought forward	7,887,421	9,694,303
New loans during the year	-	-
Repayments during the year	(665,555)	(1,806,882)
Balance carried forward	**7,221,866**	**7,887,421**

10. Fixed Assets

Cost	Freehold Properties ($)	Motor Vehicles ($)	Office Equipment and Fittings ($)	Total ($)
Balance as at 1 January 2021	10,400,000	166,278	2,505,693	13,071,971
Additions	-	-	278,017	278,017
Disposals	-	-	(43,370)	(43,370)
Balance as at 31 December 2021	10,400,000	166,278	2,740,340	13,306,618
Accumulated Depreciation				
Balance as at 1 January 2021	-	152,535	1,711,341	1,863,876
Charge for the year	-	13,740	228,896	242,636
Disposals	-	-	(43,366)	(43,366)
Balance as at 31 December 2021	-	166,275	1,896,871	2,063,146
Net Book Value				
Balance as at 31 December 2021	**10,400,000**	**3**	**843,469**	**11,243,472**
Balance as at 31 December 2020	**10,400,000**	**13,743**	**794,352**	**11,208,095**

10. Fixed Assets cont'd

Cost	Freehold Properties ($)	Motor Vehicles ($)	Office Equipment and Fittings ($)	Total ($)
Balance as at 1 January 2020	10,400,000	166,278	2,409,204	12,975,482
Additions	-	-	100,089	100,089
Disposals	-	-	(3,600)	(3,600)
Balance as at 31 December 2020	10,400,000	166,278	2,505,693	13,071,971
Accumulated Depreciation				
Balance as at 1 January 2020	-	110,851	1,528,321	1,639,172
Charge for the year	-	41,684	185.144	226,828
Disposals	-	-	(2,124)	(2,124)
Balance as at 31 December 2020	-	152,535	1,711,341	1,863,876
Net Book Value				
Balance as at 31 December 2020	**10,400,000**	**13,743**	**794,352**	**11,208,095**
Balance as at 31 December 2019	**10,400,000**	**55,427**	**880,883**	**11,336,310**

11. Accounts Payable and Accruals

	31 December 2021 ($)	31 December 2020 ($)
Trinidad and Tobago Housing Development Corporation	407,553	278,396
Mortgages approved and not disbursed	369,808	438,049
Accruals	792,013	701,500
Holding Accounts (less mortgages approved and not disbursed)	702,551	443,333
Deposit clearing	1,215,505	219,809
Other	626,205	429,356
	4,113,635	**2,510,443**

12. Depositors

	31 December 2021 ($)	31 December 2020 ($)
Special deposits	13,347,666	16,060,863
Savings deposits	7,601,494	7,368,760
	20,949,160	**23,429,623**

i) As at 31 December 2021, total deposits to mortgage loans amount to **30%** (2020: 31%).

ii) As at 31 December 2021, deposits maturing in 2021 will amount to **$11,273,543** and deposits maturing after 31 December 2022 will amount to **$2,074,123** (2020: **$3,970,546**).

13. Unpaid Matured Shares

	31 December 2021 ($)	31 December 2020 ($)
Amounts due for unpaid matured shares	**555,338**	**450,834**

14. Members/Shareholders

		31 December 2021 ($)		31 December 2020 ($)
Balance, beginning of year		19,881,336		21,061,812
Share purchases less withdrawals and transfers		605,550		(2,088,568)
		20,486,886		**18,973,244**
Dividends paid				
- 30 June – 2.0% (2020: 2.5%)	388,225		529,202	
- 31 December – 2.5% (2020: 2.0%)	495,230		378,890	
Balance, end of year		883,455		908,092
		21,370,341		**19,881,336**

Members'/shareholders' share balances are represented by members' share purchases less withdrawals and transfers, and accumulated dividends. In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2, these redeemable shares have been treated as liabilities.

15. Loan Payable

This represents a **$5 million** loan facility granted to the Association by the National Insurance Board of Trinidad and Tobago on 22 September 2017 for the financing of the existing loan portfolio and is administered by the First Citizens Trustee Services Limited. The loan carries an interest rate of 3.5% accruing semi-annually on 4 April and 4 October. The loan is due to mature on 4 October 2022 and it requires a bullet payment on maturity.

The facility is secured by a charge over the Government of Trinidad and Tobago 2023 bond, the National Investment and Property Development Company 2030 bond and the Government of Trinidad and Tobago 2028 bond.

16. Interest Earned

		31 December	
		2021 ($)	**2020 ($)**
Mortgages (net)		5,244,507	5,698,159
Investments	- Long-term	565,683	410,998
	-Short-term	83,394	76,648
Share loans		43,472	56,028
		5,937,056	**6,241,833**

17. Other Income

	31 December	
	2021 ($)	**2020 ($)**
Commission		
- NHA's assisted loans	42,000	22,311
Rent	373,786	389,729
Processing fees	83,188	40,737
Other fees	212,997	339,816
	711,971	**792,593**

18. Interest Paid

	Simple average		31 December	
	2021 %	2020 %	2021 ($)	2020 ($)
Savings	0.5	0.5	45,383	34,994
Special deposits	1.0	2.0	422,624	410,953
Paid up shares	3.0	3.0	8,422	(14,748)
DSP	4.5	4.5	11,451	14,471
NIB loan	3.5	3.5	174,996	174,996
			662,876	**620,666**

19. Other Expenditure

	31 December			
		2021 ($)		2020 ($)
Staff remuneration	1,686,755		1,716,821	
National Insurance contributions	110,490		110,695	
Health Scheme contribution	34,351		35,460	
Pension Fund contribution	30,245		30,257	
Direct staff costs: 40% (2020: 40%)		1,861,841		1,893,233
Staff vacation leave	4,418		(17,265)	
Staff expense and training	73,032		39,193	
Staff/Pensioners ex-gratia	-		750	
Staff uniforms	-		9,100	
Other staff costs: 1.7%% (2020: .7%)		77,450		31,778
Total staff costs: 41.68% (2020: 40.7%)		1,939,291		1,925,011
Management expenses (Note 20)	1,308,896		1,203,452	
Depreciation to furniture, equipment and motor vehicles	242,636		226,828	
Other operating expenses	57,199		58,445	
Directors' fees	226,700		217,200	
Legal and professional fees	127,121		168,906	
Bank interest and charges	10,141		13,348	
Expected credit loss	(19,923)		925,973	
		1,952,770		2,814,152
		3,892,061		**4,739,163**

20. Management Expenses

	31 December 2021 ($)	31 December 2020 ($)
Telephone	67,567	98,068
Electricity	47,508	46,607
Professional services	219,584	160,637
Stamps, stationery and printing	65,183	91,400
Insurance - property	50,125	50,125
Property maintenance	252,461	148,180
Rates and taxes	37,097	84,411
Miscellaneous expenses	57,868	20,113
Insurance - equipment, burglaries, cash in transit, etc.	40,395	42,661
Advertising/Marketing/Promotion	95,214	67,943
Tea room expenses	21,296	23,766
Subscriptions and donations	16,648	11,960
Security guard cost	93,500	104,025
Transunion	15,754	9,547
Upkeep allowance	21,500	28,050
Travelling	156,000	156,000
Computer software maintenance	51,196	59,959
	1,308,896	**1,203,452**

21. Employees

At 31 December 2021, the Association had in its employ a staff complement of 14 persons (2020: 14).

22. Contingent Liabilities

Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately $865,038 as at 31 December 2021 (2020: $722,794) would have been payable if the services of the employees of the Association were terminated. No provision is made for this contingent liability in these financial statements.

23. 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 Association.

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 2021 ($)	31 December 2020 ($)
Assets		
Loans to key management personnel	33,733	17,000
Deposits and other liabilities		
Deposits held by directors and key management personnel	2,125,994	2,125,346
Shares held by directors and key management personnel	1,454,207	2,026,806
	3,580,201	4,152,152
Interest and other income		
Directors and key management personnel	62,893	66,666
Interest and other expenses		
Directors and key management personnel	60,522	65,317
Key management compensation		
Short-term benefits	907,380	896,880
Post employment benefits	14,577	14,578
	921,957	911,458

24. Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

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

a) Current assets and liabilities -

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

b) 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 financial statement amounts.

c) Investments -

The fair values of investments are determined on the basis of market prices available at 31 December 2021.

d) Deposits -

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.

25. Capital Risk Management

The Association 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 Association's overall strategy remains unchanged from previous years.

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

26. COVID-19 impact

In March 2020, a pandemic was declared by the World Health Organization related to the novel coronavirus disease 2019 (COVID-19). COVID-19 and the actions being taken to respond to same has already begun to impact individuals and businesses in the markets and communities where the Association operates. Management continues to evaluate the potential impact of the coronavirus disease 2019 (Covid-19) on the financial status of the Association.

The extent of the impact on the financial position and performance of the Association depends on the following future developments, all of which are highly uncertain and cannot be predicted:

- Duration and spread of the outbreak;
- Extent of the restrictions and advisories; and
- Effect on the total and global financial and economic markets.