THE TRINIDAD BUILDING & LOAN ASSOCIATION

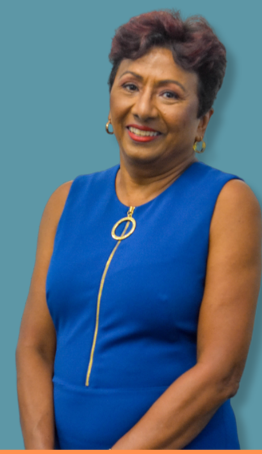
Housing Finance Institution Since 1891

Thrift and Home Ownership

2022 Annual REPORT

Table of Contents

Board of Directors



Bliss Seepersad
PRESIDENT

Stephen Allum Poon
VICE PRESIDENT

Jo-Anne Julien
EX-OFFICO / COUNSEL

Terence Boswell Inniss
DIRECTOR

Mark Farrell
DIRECTOR

Joanne Prosper
DIRECTOR

Anne-Marie James
DIRECTOR

Christopher Lewis
SECRETARY

Leslie Clarke
DIRECTOR

Warren Sookdar
DIRECTOR

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.

We are

TBLA

THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

Notice of Meeting

132nd Annual Meeting

Notice is hereby given that the One Hundred and Thirty-Second 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 4th 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, 2022 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.

Ms. Bliss Seepersad, Mr. Stephen Allum Poon and Ms. Anne-Marie James – 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 2022 Annual Report can be collected at the Association's office or downloaded online from the Association's website at www.tblamortgages.com

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

Members are invited to join and participate in the meeting virtually and must register by Wednesday 3rd May, 2022 at 4:00 p.m. via the link https://bit.ly/TBLA2022.

BY ORDER OF THE BOARD

Christopher Lewis
Secretary

President's Report

Economic Growth Outlook

Global growth is projected by the International Monetary Fund (IMF) to fall from the estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000–19) average of 3.8 percent. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017–19) levels of about 3.5 percent.

On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing costs could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macroprudential tools and strengthen debt restructuring frameworks. Stronger multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

(Source: International Monetary Fund (IMF)).

National Prospective

Domestically, economic activity improved in the second quarter of 2022, reflecting a resurgence in non-energy sector performance. Data published by the Central Statistical Office (CSO) indicate that real GDP expanded by 6.6 per cent (year-on-year) during the second quarter of 2022. Growth in the non-energy sector was strong at 10.5 per cent, while the energy sector declined by 2.5 per cent.

Driven by external and domestic supply-side factors, headline inflation accelerated during the second half of 2022. The surge in international food commodity prices, supply disruptions and adverse local weather conditions helped to push headline inflation to 8.0 per cent (year-on-year) in November 2022 (the highest rate since late 2014) compared to 4.9 per cent in June. Core inflation increased to 6.6 per cent while food inflation jumped to 13.8 per cent in November 2022 from 4.1 per cent and 7.8 per cent, respectively in June 2022.

Monetary policy remained accommodative, with the Repo rate remaining unchanged from its 3.50 per cent level throughout 2022.

Following the severe phase of COVID-19 lockdowns, lending has been progressively increasing as the economy returns to normal. On a year-on-year basis consolidated system credit expanded by 7.1 per cent in September 2022 compared to 0.9 per cent one year prior. Consolidated system

credit was driven by substantial growth in business lending and a turnaround in consumer lending notwithstanding the slow increase in real estate mortgage lending.

The reopening of the economy in late 2021 and resumption of regular activities set the stage for the expansion in business lending. On a year-on-year basis, lending to firms grew considerably, 13.2 per cent in September 2022 compared to a 1.8 per cent fall in September 2021. Expansions occurred in all sectors, with most recording double-digit growth. Notable jumps were witnessed in the Agriculture and the Finance, Insurance and Real Estate sectors, which grew by 40.7 per cent and 8.4 per cent (year-on-year) in September 2022, respectively.

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

Industry review and Outlook

On the National level, the growth in real estate mortgage lending was tempered by weak nonbank lending. Although commercial bank real estate mortgage lending improved, overall real estate mortgage lending was subdued, expanding by 3.4 per cent in September 2022 compared to 4.8 per cent one year earlier.

Loan rates for real estate mortgages were mixed, rates for outstanding real estate mortgage loans fell, but rates for new loans crept up slightly. For new, existing houses and land purchases, lending picked up, growing by 2.5 per cent, 8.4 per cent and 2.4 per cent in September 2022, respectively, compared to increases of 3.1 per cent and 6.1 per cent, coupled with a 3.4 per cent decline one year prior.

The decline in renovation loans lessened but remained in negative territory in September 2022 (0.8 per cent compared to 6.9 per cent in September 2021).

Results Analysis and Outlook

The Association's net assets decreased by 0.5% from $55.7M to $55.4M, with no further increase in its debts. It's existing debt to the National Insurance Board for the sum of $5M matured in October 2022 and was renewed for a 5 year period ending October 2027. Funding for all loans provided were from internally generated cashflows. Members shareholding decreased by 9.0% from $21.3M to $19.5M in 2021.

The Deposit portfolio decreased by 7.0% from $20.9M to $19.5M. This decrease is due to the withdrawal of funds by members and breaking of fixed deposits in order to sustain monetary requirements lost as a result of COVID-19 by the depositors. The Delinquency of loans improved over the year from a high of 14% at the beginning of the year to 10%.

Net Income for the year ending December 31, 2022 was $1.4M, which was 31% less than 2022. The Association maintained a dividend payment of 4.5% which is comparable to prior year.

Bliss Seepersad
President

Directors' 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 2022

Revenue and Appropriation Account

	2022	2021
Revenue	6,130,602	6,649,027
Expenditure	4,681,365	4,554,937
Net Income for the year	1,449,237	2,094,090
Net Surplus for the year	1,449,237	2,094,090
Appropriation to Dividend Reserve	(434,771)	(628,227)
The following dividends were declared:		
Interim dividends:		
- 2.0% at 30 June (2021: 2.0%)	(381,240)	(388,225)
Final dividends		
- 2.5% at 31 December (2021: 2.5%)	(465,462)	(495,366)
Total dividends declared	(846,702)	(883,591)
Balance After Appropriation and Dividends	167,764	582,272
To which was added the balance of:		
Revenue Reserve Brought forward	27,133,022	26,504,931
Transfer Dividend Reserve	122,083	45,819
Retained Earnings carried forward	27,422,869	27,133,022

Directors' Report ... cont'd

Subscription Shares

In 2022 the Subscription share portfolio decreased from $21,370,341 to $19,452,557 or 9.0%. During 2022, 960 shares were sold when compared to 95 in 2021. Also, in 2022, subscription share value of $3,908,191, matured. Total shares to the value of $3,433,189 were repaid in 2022, of which the amount of $3,287,126 was attributable to matured shares from the current and previous periods.

Savings Portfolio

At the end of 2022, this portfolio amounted to $5.9M compared with $7.6M in 2021. A decrease of 22.4%.

Special (Fixed) Deposits

Special deposits as at 31st December 2022 was $12.67M, a decrease of $0.76M or 5.6%.

Mortgage Loan

The mortgage portfolio was $73.6M at 31st December 2022. New Loans disbursed in 2022 amounted to $5.66M. However, there were repayments of $7.16M.

Interest Income

There was a decrease in interest income from $5.9M in 2021 to $5.4M in 2022. This was a result of a decrease in the mortgage portfolio.

Total Assets

Assets decrease by 2.6% from $107.7M in 2021 to $105.0M as at 31st December 2022.

Net Income

In 2022, an interim dividend of 2.0% was paid and credited to the share accounts at 30th June 2022, while a final dividend of 2.5% was paid and credited on 31st December 2022. Total dividend paid for the year 2022 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 $31,721 was contributed by the Association during this year (2021: $34,354).

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.

Our Staff

MANAGEMENT

Petrina Copeland-James
Manager - Mortgages & Investments

Christopher Lewis
Chief Executive Officer

Tramaine Trotman
Accountant

MORTGAGES AND INVESTMENTS

Sandy Neemar

Ariela Mc Dowall

Jennifer Phelps

Sherma Arthur

ACCOUNTING, IT AND ADMINISTRATION

Kevin Carimbocas

Glenford Robinson II

Marc Sadaphal

Tally Richards-Thomas

Rochelle Smith

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

2022

FINANCIAL STATEMENTS

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, 2022 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
Date: April 12, 2023

Signed
Date: April 12, 2023

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 2022, 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 2022 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 ("lESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the lESBA 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 2022 Annual Report

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

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

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

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

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

Directors: Renee-Lisa Philip Mark K. Superville Jenine Felician-Romain Darcel Corbin

PKF
Chartered Accountants
& Business Advisors
PKF LIMITED

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.

PKF
Chartered Accountants
& Business Advisors
PKF LIMITED

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-one (161) 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

12 April 2023
Barataria
TRINIDAD

Statement of Financial Position

	Notes	31 December 2022 ($)	2021 ($)
Assets:			
Cash and cash equivalents	5	9,702,227	7,921,337
Accounts receivable and prepayments	6	1,335,491	1,589,914
Investments	7	9,203,895	11,810,177
		20,241,613	21,321,428
Mortgages	8	67,191,837	67,925,299
Land loans	9	6,385,049	7,221,866
Fixed assets	10	11,143,085	11,243,472
Total Assets		104,961,584	107,712,065
Liabilities:			
Accounts payable and accruals	11	4,433,657	4,113,635
Depositors	12	19,472,843	20,949,160
Unpaid matured shares	13	1,176,402	555,338
Members/Shareholders	14	19,452,557	21,370,341
Loan payable	15	5,000,000	5,000,000
Total Liabilities		49,535,459	51,988,474
Net Assets		**55,426,125**	**55,723,591**
Financed by:			
Dividend Reserve		6,276,948	5,964,260
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		(478,402)	421,599
Revenue Reserve		27,422,869	27,133,022
Special Reserve Fund		13,633,958	13,633,958
Total Funds		**55,426,125**	**55,723,591**

These financial statements were approved by the Board of Directors and authorised for issue on 12 April, 2023 and signed on their behalf by

President **Secretary**

(The accompanying notes form part of these financial statements)

Statement of Comprehensive Income

		31 December	
		2022 ($)	2021 ($)
Interest earned	16	5,423,678	5,937,056
Other income	17	706,924	711,971
Total income		6,130,602	6,649,027
Interest paid	18	569,873	662,876
Other expenditure	19	4,111,492	3,892,061
Total expenditure		4,681,365	4,554,937
Net surplus for the year		1,449,237	2,094,090
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		(900,001)	102,129
Total comprehensive income for the year		**549,236**	**2,196,219**

(The accompanying notes form part of these financial statements)

Statement of Changes in Funds

For the year ended 31 December 2022

	Dividend Reserve ($)	Capital Reserve ($)	Investment Remeasurement Reserve ($)	Revenue Reserve ($)	Special Reserve Fund ($)
Balance as at 1 January 2021	5,381,852	8,570,752	7319,470	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: 2.5%	-	-	-	(388,225)	-
Final dividend December: 2.0%	-	-	-	(495,366)	
Balance as at 31 December 2021	**5,964,260**	**8,570,752**	**421,599**	**27,133,022**	**13,633,958**
Balance as at 1 January 2022	5,964,260	8,570,752	421,599	27,133,022	13,633,958
Total comprehensive income for the year	-	-	(900,001)	1,449,237	-
Dividend Reserve Additions	434,771	-	-	(434,771)	-
Reserve Adjustment	(122,083)			122,083	-
Interim dividend June: 2.0%	-	-	-	(381,240)	-
Final dividend December: 2.5%	-	-	-	(465,462)	-
Balance as at 31 December 2022	**6,276,948**	**8,570,752**	**(478,402)**	**27,422,869**	**13,633,958**

(The accompanying notes form part of these financial statements)

Statement of Cash Flows

	2022 ($)	2021 ($)
Cash flows from operating activities:		
Net surplus for the year	1,449,237	2,094,090
Loss on disposal of fixed asset	-	4
Expected credit loss on financial assets	(363,223)	(19,923)
Depreciation	153,756	242,636
Operating profit before changes in operating assets	1,239,770	2,316,807
Net change in accounts receivable and prepayments	254,423	(36,108)
Net change in accounts payable and accruals	320,022	1,603,192
Net cash provided by operating activities	1,814,215	3,883,891
Cash flows from investment activities:		
Net change in land loans	836,817	523,550
Net change in investments	1,706,281	(4,980,472)
Net change in mortgages from members	1,096,685	6,209,653
Fixed assets purchased	(53,369)	(278,017)
Net cash provided by investing activities	3,586,414	1,474,714
Cash flows from financing activities:		
Net change in depositors	(1,476,317)	(2,480,463)
Net change in members' balances	621,064	104,504
Net change in amounts due to shareholders	(1,917,784)	1,489,005
Dividends paid	(846,702)	(883,591)
Net cash used in financing activities	(3,619,739)	(1,770,545)
Net change in cash and cash equivalents	1,780,890	3,588,060
Cash and cash equivalents, beginning of the year	7,921,337	4,333,277
Cash and cash equivalents, end of the year	**9,702,227**	**7,921,337**

(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 and effective as they:

- do not apply to the activities of the Association; or
- have no material impact on its financial statements

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 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).

2. Significant Accounting Policies (cont'd)

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

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 16	Leases - Amendments regarding a lease liability in sale and leaseback transactions (effective for accounting periods beginning on or after 1 January 2022).
IAS 16	Property, Plant and Equipment - Amendments regarding proceeds before intended use (effective for accounting periods beginning on or after 1 January 2022).
IAS 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).
IAS 41	Agriculture - Amendments regarding taxation in fair value measurements (effective for accounting periods beginning on or after 1 January 2022).

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 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 16	Leases - Amendments clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale (effective for accounting periods beginning on or after 1 January 2024).
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).

2. Significant Accounting Policies (cont'd)

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

IAS 1	Presentation of Financial Statements - Amendments regarding non-current liabilities with covenants (effective for accounting periods beginning on or after 1 January 2024).
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).
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective for accounting periods beginning on or after 1 January 2023).

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. Significant 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. Significant 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. Significant 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. Significant 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. Significant 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. Significant 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. Significant 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	64,902,609	-	-	64,902,609
Medium risk	-	-	-	-
Substandard	-	-	2,344,504	2,344,504
Doubtful	-	-	616,422	616,422
Impaired	-	-	6,579,333	6,579,333
Total gross carrying amount	**64,902,609**	**-**	**9,540,259**	**74,442,868**

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	186,507	14,654	1,028,044	1,229,205
Increase/(decrease) due to change in credit risk Write-offs	(174,334)	(14,654)	(174,235)	(363,223)
				-
Write-offs	-	-	-	-
Loss allowance on derecognised loans	-	-	-	-
	186,507	**-**	**853,809**	**865,982**

2. Significant 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 the following 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.

Shares	-
Property	3,525,000
Motor Vehicles	-
Total assets obtained by taking possession of collateral	**3,525,000**

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. Significant 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 dated 20 September 2022, which was carried out as at 31 December 2021, revealed that the value of the assets exceeded the liabilities by **$22,106,000**.

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 income 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:

	2022	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	9,702,227	9,702,227
Accounts receivable and prepayments	1,335,491	1,335,491
Investments	9,203,895	9,203,895
Mortgages and land loans	73,576,886	73,576,886
Financial Liabilities		
Accounts payable and accruals	4,433,657	4,433,657
Depositors	19,472,843	19,472,843
Members/Shareholders	19,452,557	19,452,557

3. Financial Risk Management (cont'd)

Financial risk factors (cont'd)

	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

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) <u>Bonds</u>

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) <u>Mortgage Loans</u>

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) -

iii) 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.

2022

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.00-1.61%	9,702,227	-	-	-	9,702,227
Accounts receivable and prepayments	0.0%	-	-	-	1,335,491	1,335,491
Investments	1.50-6.55%	5,243,122	3,960,773	-	-	9,203,895
Mortgages and land loans	5.00-12.50%	1,248,312	5,442,403	66,886,171	-	73,576,886
		16,193,661	**9,403,176**	**66,886,171**	**1,335,491**	**96,468,593**
Financial Liabilities						
Accounts payable and accruals	0.25-3.50%	-	-	-	4,433,657	4,433,657
Depositors	0.25-3.50%	19,472,843	-	-		19,472,843
Members/Shareholders	4.5%	75,699	525,341	18,851,517	-	19,452,557
		19,548,542	**525,341**	**18,851,517**	**4,433,657**	**43,359,057**

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	2.70-12.00%	6,756,567	1,042,411	4,011,199	-	11,810,177
Mortgages and land loans	5.00-13.00%	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	2.00%	-	-	-	4,113,635	4,113,635
Depositors	0.50-3.00%	20,949,160	-	-		20,949,160
Members/Shareholders	4.50%	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**

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.

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.

3. Financial Risk Management (cont'd)

b) Credit risk (cont'd)

Credit risk management (cont'd)

(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.

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.

3. Financial Risk Management (cont'd)

c) Liquidity risk (cont'd)

(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.

(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.

	2022			
	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	9,702,227	-	-	9,702,227
Accounts receivable and prepayments	1,335,491	-	-	1,335,491
Investments	5,243,122	3,960,773	-	9,203,895
Mortgages and land loans	1,248,312	5,442,403	66,886,171	73,576,886
	17,529,152	**9,403,176**	**66,886,171**	**93,818,499**
Financial Liabilities				
Accounts payable and accruals	4,433,657	-	-	4,433,657
Depositors	19,472,843	-	-	19,472,843
Members/Shareholders	75,699	525,341	18,851,517	19,452,557
	23,892,199	**525,341**	**18,851,517**	**43,359,057**

3. Financial Risk Management (cont'd)

c) Liquidity risk (cont'd)

(ii) Liquidity gap (cont'd)

	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**

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 Estimates 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.

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.

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

iv) 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.

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

	2022 ($)	2021 ($)
Cash on hand	40,000	87,432
First Citizens Bank Limited	1,166,504	500
RBTT Bank Limited	904,160	436,323
Trinidad and Tobago Unit Trust Corporation	6,032,146	5,862,227
Guardian Asset Management	1,559,417	1,534,855
	9,702,227	**7,921,337**

As at 31 December 2022, cash and cash equivalents comprise 9% (2021 – 7%) of total assets.

6. Accounts Receivable and Prepayments

	31 December 2022 ($)	31 December 2021 ($)
Accrued commissions and interest on loans	1,034,590	1,186,657
Interest receivable	73,564	53,123
Staff loans	36,970	61,331
Prepayments	38,503	33,239
Judgement debtors	315,028	315,028
Other	(163,164)	(59,464)
	1,335,491	**1,589,914**

7. Investments

	31 December 2022 ($)	31 December 2021 ($)
Financial assets at fair value through other comprehensive income –		
ROYTRIN Income and Growth Fund	4,052,104	6,656,541
Amortised Cost –		
Caribbean Finance Company Ltd 4.25% - Maturity May ’20	150,579	150,579
Government of Trinidad and Tobago	-	-
Fixed Bond 5.95% - Maturity April ’23	1,040,439	1,042,411
Government of Trinidad and Tobago Fixed Bond - Maturity April ’28	1,976,557	1,972,799
NIPDEC TT$750M Fixed Rate Bond 6.55% - Maturity April ’30	2,034,769	2,038,400
Expected credit loss	(50,553)	(50,553)
	9,203,895	**11,810,177**

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 2022 ($)	2021 ($)
On 53	Mortgages where the debt does not exceed $10,000 (2021: 109)	86,754	331,803
On 14	Mortgages where the debt exceeds $10,000 and does not exceed $25,000 (2021: 14)	274,863	209,421
On 14	Mortgages where the debt exceeds $25,000 and does not exceed $50,000 (2021: 18)	525,987	692,160
On 19	Mortgages where the debt exceeds $50,000 and does not exceed $100,000 (2021: 13)	1,303,171	944,812
On 142	Mortgages where the debt exceeds $100,000 Section 45(1) (b) (2021: 161)	66,141,347	67,250,611
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 (2021: 0)	-	-
	Total Mortgages 242 (2021: 313)	68,332,122	69,428,807
Less:	Accrued interest on demand loans	(274,303)	(274,303)
	Allowance for Expected Credit Loss	(865,982)	(1,229,205)
		67,191,837	**67,925,299**

Allowance for expected credit loss -

	2022 ($)	2021 ($)
Balance brought forward	1,229,205	1,249,128
Change in expected credit loss	(363,223)	(19,923)
Bad debts written-off	-	-
	-	
Balance carried forward	865,982	1,229,205

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

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 2021 and 2022. 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 2022 ($)	31 December 2021 ($)
Balance brought forward	7,221,866	7,887,421
New loans during the year	-	-
Repayments during the year	(836,817)	(665,555)
Balance carried forward	**6,385,049**	**7,221,866**

10. Fixed Assets

Cost	**Freehold Properties ($)**	**Motor Vehicles ($)**	**Office Equipment and Fittings ($)**	**Total ($)**
Balance as at 1 January 2022	10,400,000	166,278	2740,340	13,306,618
Additions	-	-	53,369	53,369
Balance as at 31 December 2022	10,400,000	166,278	2,793,709	13,359,987
Accumulated Depreciation				
Balance as at 1 January 2022	-	166,275	1,896,871	2,063,146
Charge for the year	-	-	153,756	153,756
Balance as at 31 December 2022	-	166,275	2,050,627	2,216,902
Net Book Value				
Balance as at 31 December 2022	**10,400,000**	**3**	**743,082**	**11,143,085**
Balance as at 31 December 2021	**10,400,000**	**3**	**843,469**	**11,243,472**

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

10. Fixed Assets cont'd

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**

11. Accounts Payable and Accruals

	31 December 2022 ($)	31 December 2021 ($)
Trinidad and Tobago Housing Development Corporation	634,446	407,553
Accruals	905,368	792,013
Holding Accounts	919,175	1,072,359
Deposit clearing	1,294,626	1,215,505
Other	680,042	626,205
	4,433,657	**4,113,635**

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately **$1,767,692** (2021: **$1,902,622**). The amount due to HDC represents receipts collected before deductions and charges.

12. Depositors

	31 December 2022 ($)	2021 ($)
Special deposits	12,674,406	13,347,666
Savings deposits	6,798,437	7,601,494
	19,472,843	**20,949,160**

i) As at 31 December 2022, total deposits to mortgage loans amount to **29%** (2021: 30%).

ii) As at 31 December 2022, deposits maturing in 2023 will amount to **$5,576,958** and deposits maturing after 31 December 2023 will amount to **$7,097,448** (2021: **$2,074,123**).

13. Unpaid Matured Shares

	31 December 2022 ($)	2021 ($)
Amounts due for unpaid matured shares	**1,176,402**	**555,338**

14. Members/Shareholders

	31 December 2022 ($)	2021 ($)
Balance, beginning of year	20,486,886	19,881,336
Share purchases less withdrawals and transfers	(1,881,031)	605,550
	18,605,855	**20,486,886**
Dividends paid		
- 30 June – 2.0% (2020: 2.5%)	381,240	338,225
- 31 December – 2.5% (2020: 2.0%)	465,462	495,230
Balance, end of year		
	846,702	883,455
	19,452,557	**21,370,341**

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 carried an interest rate of 3.5% accruing semi-annually on 4 April and 4 October. The loan matured on 4 October 2022.
The loan facility was renewed on 4 October 2022 at an interest rate of 4.25% accruing semi-annually on 4 April and 4 October and matures on 4 October 2027.

The facility is secured by a charge over the National Investment and Property Development Company 2030 bond, the Government of Trinidad and Tobago 2028 bond and TT$1.5M security on Trinidad and Tobago Unit Trust Corporation Second Unit Scheme.

16. Interest Earned

		31 December	
		2022 ($)	2021 ($)
Mortgages (net)		4,926,558	5,244,507
Investments	- Long-term	341,760	565,683
	-Short-term	99,262	83,394
Share loans		56,098	43,472
		5,423,678	**5,937,056**

17. Other Income

	31 December	
	2022 ($)	2021 ($)
Commission		
- NHA's assisted loans	31,500	42,000
Rent	417,808	373,786
Processing fees	70,486	83,188
Other fees	187,130	212,997
	706,924	**711,971**

18. Interest Paid

	Simple average		31 December	
	2022 %	2021 %	2022 ($)	2021 ($)
Savings	0.5	0.5	33,585	45,383
Special deposits	1.0	2.0	346,473	422,624
Paid up shares	3.0	3.0	4,264	8,422
DSP	4.5	4.5	(3,821)	11,451
NIB loan	3.5	3.5	189,372	174,996
			569,873	**662,876**

19. Other Expenditure

	31 December			
	2022 ($)		2021 ($)	
Staff remuneration	1,823,046		1,686,755	
National Insurance contributions	123,069		110,490	
Health Scheme contribution	31,721		34,351	
Pension Fund contribution	27,695		30,245	
Direct staff costs: 49% (2021: 40%)		2,005,531		1,861,841
Staff vacation leave	(13,638)		4,418	
Staff expense and training	74,410		73,032	
Staff/Pensioners ex-gratia	-		-	
Staff uniforms	18,800		-	
Other staff costs: 1.9% (2021: 1.7%)		79,572		77,450
Total staff costs: 50.7% (2021: 41.7%)		2,085,103		1,939,291
Management expenses (Note 20)	1,734,297		1,308,896	
Depreciation to furniture, equipment and motor vehicles	153,756		242,636	
Other operating expenses	58,259		57,199	
Directors' fees	229,200		226,700	
Legal and professional fees	204,737		127,121	
Bank interest and charges	9,363		10,141	
Expected credit loss	(363,223)		(19,923)	
		2,026,389		1,952,770
		4,111,492		**3,892,061**

20. Management Expenses

	31 December 2022 ($)	2021 ($)
Telephone	77,069	67,567
Electricity	50,856	47,508
Professional services	224,759	219,584
Stamps, stationery and printing	71,320	65,183
Insurance - property	55,137	50,125
Property maintenance	482,233	252,461
Rates and taxes	22,500	37,097
Miscellaneous expenses	104,654	57,868
Insurance - equipment, burglaries, cash in transit, etc.	42,345	40,395
Advertising/Marketing/Promotion	217,593	95,214
Tea room expenses	23,834	21,296
Subscriptions and donations	28,576	16,648
Security guard cost	83,700	93,500
Transunion	12,103	15,754
Upkeep allowance	15,000	21,500
Travelling	171,391	156,000
Computer software maintenance	51,227	51,196
	1,734,297	**1,308,896**

21. Employees

At 31 December 2022, the Association had in its employ a staff complement of 12 persons (2021: 14).

22. Contingent Liabilities

Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately **$1,395,007** as at 31 December 2022 (2021: **$865,038**) 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	
	2022 ($)	2021 ($)
Assets		
Loans to key management personnel	4,150	33,733
Deposits and other liabilities		
Deposits held by directors and key management personnel	2,335,187	2,125,994
Shares held by directors and key management personnel	1,110,566	1,454,207
	3,445,753	3,580,201
Interest and other income		
Directors and key management personnel	60,248	62,893
Interest and other expenses		
Directors and key management personnel	53,893	60,522
Key management compensation		
Short-term benefits	1,024,858	907,380
Post employment benefits	-	14,577
	1,024,858	921,957

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 2022.

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.

The Covid-19 pandemic shows considerable signs of easing as many countries have lifted travel bans, ended lockdowns and eased quarantine measures. Many governments have announced curtailment of certain measures to provide financial and non-financial assistance to the affected entities. At the same time, Covid-19 may continue to affect companies and economies. Many entities are still dealing with lost revenue and disrupted supply chains and, as a result millions of workers have lost their jobs.

Management continues to evaluate the potential impact of the coronavirus disease 2019 (Covid- 19) on the financial status of the Association and 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.

27. Events After the Reporting Date

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.