

TAURUS SERVICES LIMITED
ANNUAL REPORT



2015

Taurus Services Limited

VISION STATEMENT

To ensure that risk asset management takes primacy in all the activities of this department to the extent that collections are maximized and costs are minimized.

MISSION STATEMENT

To create value by ensuring that all files are managed and outstanding debts are collected in a timely and effective manner with due consideration of the rights of our customers and in fulfillment of the duty owed to all our stakeholders.

TAURUS CULTURE

We are an organization that is **Result Oriented** with exceptional **Focus** and committed to high standards of **Professional** conduct while recognizing that **Knowledge** plays a critical role in our success.

STRATEGIC PLAN

- (1) To ensure the liquidation of all outstanding accounts in the most timely and cost effective manner.
- (2) To ensure that the staff complement is maintained at a level consistent with needs of the department.
- (3) To maintain a supervisory structure to ensure that lesser experienced staff are provided with adequate guidance and support.
- (4) To ensure that staff remains highly focused and motivated to ensure effective performance.
- (5) To ensure that individual and group learning is encouraged as a means of ensuring personal and team development.
- (6) To provide support to the network as required.
- (7) To ensure that the needs of our customers/stakeholders are fully met on a continuous basis.

SERVICES PROVIDED

As at September 30th 2015, the portfolio consists of One Thousand Seven Hundred and Eighty Five (1,785) accounts with a dollar value of \$344,785k. There are thirteen (13) Account Officers inclusive of Supervisors, who are directly involved in the recovery process resulting in an average of One Hundred and Thirty Seven (137) accounts per officer. The other members of staff comprise the administrative team who provides support to the Account Officers and performs other administrative functions such as reconciliation, accounting and maintenance of our computer system and update. We shall continue to focus on maximizing collections while containing rising operating costs. Collections have been projected at \$10,667k and Expenses have been projected at \$10,055k. Reduction of the portfolio shall also continue whereby debts that are deemed uncollectible after all recovery avenues have been exhausted shall be eliminated in accordance with the long term objective of winding up the department. It must be noted that in earlier years a significant amount of accounts were deferred for write off after maximum collections were achieved and efforts exhausted. Priority was given to accounts with greater possibility for recovery. The time has come for us to focus on these deferred accounts and bring closure and the process has commenced.

It is expected that there will be several trailing issues after the major recovery function has been accomplished. There would be some customers who will still be paying via monthly arrangements and litigation in progress. Payment of the First Citizens Bank Note is also expected to continue to the year 2022 under the amortization schedule. The Fincor Bonds and the First Citizens Bank Limited loan are all scheduled for repayment in December 2015. In the circumstances we have commenced preparation for these trailing issues where necessary. A reduced staff complement will also be required.

The Company is not expected to undertake or receive any new portfolio and the last significant transfer of accounts was effected in the year 2000. Therefore, as collection is achieved and accounts are closed or eliminated it is expected that collections will diminish over the remaining years. The majority of the varinstall/balloon accounts have been eliminated. The more complicated and litigious matters are also surfacing which can delay the recovery process. Litigation is currently in progress for six (6) mortgage accounts and several others are scheduled to be referred to our attorneys shortly. With the leverage provided by the mortgage security such accounts represent our greatest opportunity and source for recovery. It must be also noted that most of the customers with balloon accounts are approaching retirement age and recovery will depend on whether they had made provisions for repayment over the years, and their ability to access funding and or gratuity. Currently there are monthly arrangements in place for fourteen (14) of these accounts while settlement negotiations are to be pursued for seventeen (17) accounts.

Arising from our meeting with the CBTT in the year 2012 we have increased our focus and attention on the CBTT portfolio. We act as agent for the recovery of this portfolio arising from the merger of 1993 and there is no commission involved. As at September 30th 2015 the portfolio comprises Ninety Four (94) accounts with a dollar value of \$63m. We have assigned these accounts amongst the Account Officers and intend to fulfill all obligations in the matter. However our review reveals that the remaining accounts are unsecured and no further significant recovery is expected with the exception of one account. This account is secured by a mortgage over lands occupied by squatters and we are continuing sale efforts.

Most of the Account Officers have been with the department for several years and their experience has contributed to a high level of consistency and productivity. We shall continue to focus on results and the efficiency of the collection process.

We shall also continue our team building reviews using our survey results as a guide. Consultation, communication and network participation shall continue while maintaining customer service excellence. Most importantly the training and development of staff shall be prioritized as we continue to prepare staff for integration into the network. As the portfolio shrinks we shall also review and reduce our staff complement exercising caution to ensure that we do not extend the life of the department in the process.

LEVELS OF AUTHORITY

Senior Account Officers are authorized to approve up to a limit of \$5,000.00 write-off in the following circumstances:

- (1) The account is assigned to a junior officer whom they supervise.*
- (2) The principal does not exceed \$50,000.00.*
- (3) The decision may or may not involve a negotiated settlement.*
- (4) The value of security (if any) must not exceed the negotiated settlement amount.*
- (5) The approval must be subsequently countersigned by the MI Manager.*

This therefore means that the matter must be referred for prior approval of the MII Manager when the account is assigned to the Senior Account Officer.

For values between \$10,000.00 and \$20,000.00 the matter has to be signed by both the MI Manager and MII Manager.

For Write Off, any principal in excess of \$20,000.00 is for approval by Head Office or the Board as appropriate.

With respect to Expenditure Control the following applies:-

The authorized limit of the Supervisors is \$5,000.00

The authorized limit of the MI Manager is \$10,000.00

The authorized limit of the MII Manager is \$20,000.00

Anything in excess of \$20,000.00 is for approval by Head Office or the Board as appropriate

See Appendices I and II

TAURUS SERVICES LIMITED

REVISION OF APPROVAL LIMITS FOR NEGOTIATED SETTLEMENTS/WRITE OFFS

Appendix I

| <i>Category</i> | <i>Approval Level</i> | <i>Principal Book Value (W/O)</i> | <i>Account Balance (Principal)</i> | <i>Security</i> |
|-----------------|---------------------------------|-----------------------------------|------------------------------------|---|
| A | Board | \$150k<WO | All Accounts | Not Applicable |
| B1 | Assistant General Manager | \$100k<WO<\$150k | All Accounts | Not Applicable |
| B2 | Senior Manager – Special Assets | \$20k<WO<\$100k | Principal<\$750k | Not Applicable |
| C | M11/M1 | \$5k<WO<\$20k | Principal<\$500k | Security coverage does not exceed 110% of principal outstanding. |
| D | M1/Senior Account Officer | WO<\$5k | Principal<\$50k | Security coverage does not exceed 100% of principal outstandings. |

Note: In the event that the security coverage exceeds the value as outlined in the particular category, the matter will have to be referred upwards to the next category.

Effective Dates:

- (a) Approval limits for categories C & D signed off by the General Manager – Credit & Risk Management on November 14th 2003.
- (b) Approval limits for category A & B signed off by the Board at its meeting on November 27th 2003.
- (c) Approval Limits for category B2, was delegated to Senior Manager – Special Assets by AGM – Credit & Risk Management on November 27th 2006 and updated on May 13th 2010

Taurus Services Limited
Approval Limits Intra Department
Revised December 2015
Appendix II

| <i>No.</i> | <i>Activity</i> | <i>Respective Officer →</i> | <i>R.T.</i> | <i>A.H.A</i> | <i>D.C.</i> | <i>O.M.</i> | <i>S.D.</i> |
|------------|--|-----------------------------|-----------------|-----------------|------------------------|------------------------|------------------------|
| 1 | Expenditure Settlements | Note 1 | All up to \$20k | All up to \$10k | A/c related up to \$5k | A/c related up to \$5k | Admin. Only up to \$5k |
| 2 | Contractor Services | Note 2 | To Exp. Limit | To Exp. Limit | To Exp. Limit | To Exp. Limit | To Exp. Limit |
| 3 | Advertisements for sale | x | All | DR | Nil | Nil | Nil |
| 4 | Reversals | x | All | DR | Nil | Nil | Nil |
| 5 | Debit to CA | x | All Signatory | Signatory | Signatory | NIL | Signatory |
| 6 | Account Adjustments | xx | All | DR | Nil | Nil | Nil |
| 7 | CIF Changes | xx | All | DR | Nil | Nil | Nil |
| 8 | Account Transfer | xx | All | DR | Nil | Nil | Nil |
| 9 | Overnight Use of Vehicle | xxx | All | Nil | Nil | Nil | Nil |
| 10 | Use of Vehicle > 3 hrs. | xxx | All | DR | Nil | Nil | Nil |
| 11 | Extension of Closing of Sale Agreement | xxxx | All | DR 3 mths. | DR 3 mths | DR 3 mths | Nil |
| 12 | Purchase Agreements | xxxx | All | DR | Nil | Nil | Nil |
| 13 | Authorization to Execute | xxxx Note 3 | All | All | DR & HA's Team | NIL | Nil |
| 14 | Extension Date to NS | xxxx | All | DR 3 mths only | DR 1 mth only | DR 1 mth only | Nil |

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Taurus Services Limited
Approval Limits Intra Department
Revised December 2015
Appendix II

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|------------|---|-----------------------------|--------------|--------------|-------------|-------------|-------------|
| 15 | Legal Action | ∞ | Up to \$500k | Up to \$100k | Up to \$50k | Up to \$50k | NIL |
| 16 | Release/ Replacement of Cash Security | ∞ | All | All | Nil | Nil | Nil |
| 17 | Application of Cash Security | ∞ | All | DR | DR | DR | Nil |
| 18 | Urgent, Sick & Vacation | ∇ | All | DR | Nil | Nil | Nil |
| 19 | Travelling Allowances | ∇ | All | DR | Nil | Nil | Nil |
| 20 | Journals (General Ledger / Management Accounts | xx | All | All | Nil | Nil | Nil |

Note 1 : All cheque disbursements in excess of \$1,000.00 must be signed by two authorized signatories.

Note 2 : All expenditures for Investigation Services, Means & Assets etc. must be pre-approved by use of the relevant form.

Note 3 : All Inter departmental correspondence must be co-signed by a Manager unless specifically delegated otherwise.

Note4 : Generally the Authorizing Officer of an Invoice/Expenditure should not be a signatory of the relevant cheque.

PERFORMANCE ACCOMPLISHMENT

1.0 INTRODUCTION

For the year 2014/2015 in the main areas of focus we projected collections of \$12.6M and operating expenses of \$10.1M. We maintained our focus and strategy with priority given to accounts with mortgage security and principal balances \geq \$100K. Negotiations for settlement are always conducted in the first instance as we seek to avoid litigation the cost of which has been increasing.

It is evident that the more difficult and complicated accounts are surfacing since all the easier collections would have been achieved in the past. Accounts with mortgage security present the greatest opportunity for recovery but where customers have refused to settle, the recovery process becomes protracted. After failed negotiations for settlement legal action for possession would usually take approximately three months provided that there is no defence and the court usually allows another three months for the customer to vacate the property after judgment is delivered. The sale process from advertisement to sale completion usually takes approximately four months. A significant amount of our outstanding budgeted collections is at some stage of this recovery process. In some cases where lumpsum collections were projected we have entered into monthly payment arrangements where mortgagee sale action was not advised.

In the area of property sales we have observed consistent fair demand especially for abandoned estates and we have re-advertised some properties on occasions. There is also a significant number of accounts which were deferred for write-off after all collection efforts were exhausted in earlier years. At the time priority would have been given to accounts with greater leverage and potential for recovery. This category of deferred accounts are being reviewed with increasing frequency as the portfolio shrinks and the processing of write offs in this category are therefore increasing.

While we remained focused on achievement of targets, we also continued the development and training of staff with emphasis on customer service excellence. Our well established Performance Management System, Key Result Areas, Systems and Procedures and Performance Monitors represent the framework on which the department is structured and operates. We have also continued to review and adjust when necessary and the team has been positive.

Staff have a clear understanding of the department's timeline and many individuals are also pursuing their academic goals preparing for integration and return to the network. Staff who have been employed on contract also continue to seek permanent positions in the Bank and while this disrupts our work flow it also provides the opportunity for staff reduction based on the reducing portfolio. However during the year we did not lose any Contract Officers as compared to previous years.

The following review provides an analysis of our achievements against this background, the challenges encountered and an overall summary of the other key areas as we took another step closer to completion of the administrative function under the respective agreements.

2.0 PERFORMANCE MONITORS

Reward and Recognition, Achievement of Targets awards, Collection incentives, Performance Appraisals, support and training are some of the factors, which drive performance in our area. Performance and budgetary targets are also established at the beginning of the period and regular reviews are conducted to assess performance and determine remedial measures. Our monthly reports also capture all the necessary statistics to assess both individual and team performance on an ongoing basis.

2.1 *Collections*

The statistics reveal that we achieved 113% of the projected target. Although significant collections are tracked on a monthly basis, twenty three (23) projected collections totaling \$4.4M were delayed. Some of these projections were also brought forward from previous years. An analysis reveals that in 43% of these projections the customers were unable to raise the funds in order to settle the debts and in the other 57% mortgagee sale action has been delayed for various reasons/complications. Most of these projections have been carried over to the new period. Our greatest source of recovery is from property sales which are mainly found in the portfolio of accounts transferred to our office in the year 2000 from the bank. Accounts with mortgage security also provide the best opportunity to negotiate lumpsum settlements because customers may not wish to lose their properties. Fifty four percent (54%) of our collections (\$7.7M) were derived from property sales. This is our main Key Result Area and Officers have continued to prioritize accordingly.

Table 2.1.1

| Portfolio | Budget (TTS'000) | Actual (TTS'000) | Variance (TTS'000) | Attainment % | Increase/ (Decrease) over Prior Year (TTS'000) | Increase/ Decrease (%) |
|------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------|---|-----------------------------------|
| FCB | 10,659.8 | 11,955.0 | 1,295.2 | 112 | 2,108.0 | 21 |
| ADB | 1,978.2 | 2,370.0 | 391.8 | 120 | (1,231.0) | (34) |
| Consolidated | 12,638.0 | 14,325.0 | 1,687.0 | 113 | 877 | 7 |

We exceeded budget on the First Citizens portfolio (112%) and on the ADB portfolio (120%). Overall we also exceeded the previous year's collection by \$877k (7%).

The ADB collections represented 16% of the total, the old Consolidated Banks represented 19% and the 2000 Transfers represented 37%. The age and ratio of secured accounts in the latter portfolio continues to provide the greatest leverage for recovery inclusive of the remaining varinstall/balloon accounts.

The old Workers Bank portfolio also reflected slightly higher collections of \$3,690k (26%) compared to \$3,053k (23%) in the previous year.

Six (6) Account Officers achieved their performance targets in this area.

Table 2.1.2

| <i>Designation</i> | 2013/2014 | | 2014/2015 | |
|------------------------|------------------|----------|------------------|----------|
| | <i>Value \$k</i> | <i>%</i> | <i>Value \$k</i> | <i>%</i> |
| Old Workers Bank | 3,053 | 23 | 3,690 | 26 |
| Old Consolidated Banks | 2,567 | 19 | 2,742 | 19 |
| 2000 Transfers | 3,467 | 26 | 5,307 | 37 |
| Other | 760 | 5 | 216 | 2 |
| ADB | 3,601 | 27 | 2,370 | 16 |
| Total | 13,448 | 100 | 14,325 | 100 |

The following chart and table reveals that we surpassed collection targets in six (6) of the twelve (12) months. The highest collections were achieved in November, January and May while the lowest were in December, March and August. Forecasting collections can be very unpredictable since unforeseen complications can easily delay closure of significant transactions while opportunities for others can arise. Use of the major outstanding collections monitor remains critical to success in this area. Twenty three (23) projected collections were delayed and have been carried over to the new year where applicable.

Chart 2.1.3

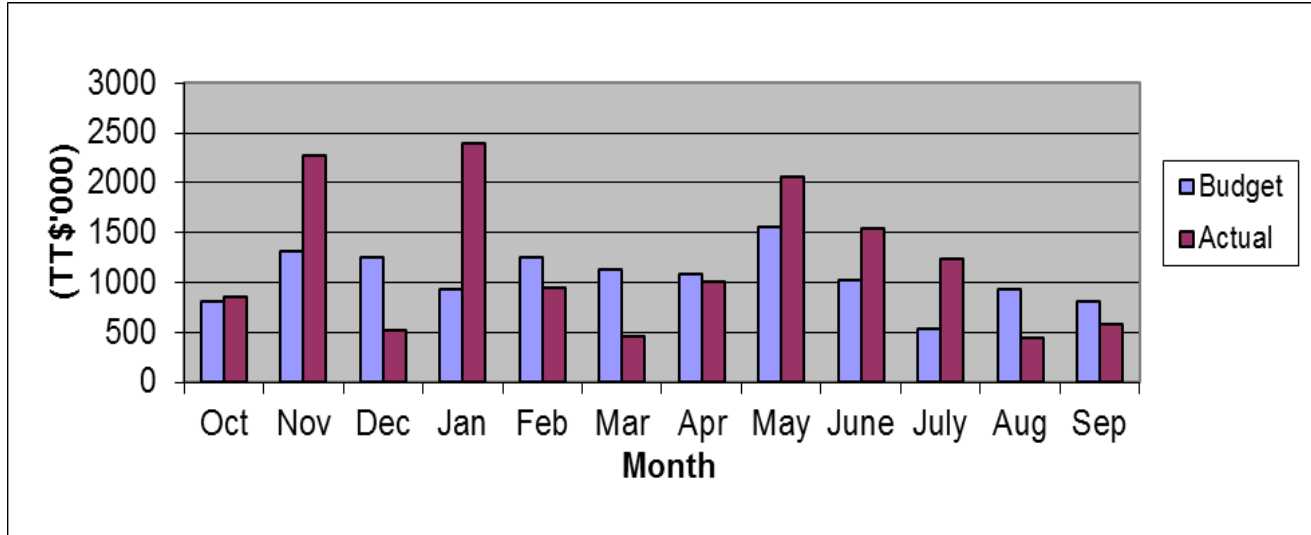


Table 2.1.4

| Month | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Total |
|---------------------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-------|----------|
| Budget \$k | 813.9 | 1,306.4 | 1,253.1 | 932.7 | 1,258.2 | 1,129.5 | 1,080.5 | 1,558.5 | 1,026.6 | 538.2 | 930.2 | 810.4 | 12,638.0 |
| Actual \$k | 852.0 | 2,272.0 | 514.0 | 2,400.0 | 951.0 | 457.0 | 1,014.0 | 2,058.0 | 1,538.0 | 1,243.0 | 439.0 | 587.0 | 14,325.0 |
| Budget Attainment % | 105 | 174 | 41 | 257 | 76 | 40 | 94 | 132 | 150 | 231 | 47 | 72 | 113 |

2.2 Negotiated Settlements/Write Offs

We achieved 53% of the projected target. Generally the remaining portfolio contains a higher percentage of accounts with larger balances for which the recovery process is usually protracted as settlements are negotiated, or legal action and property sale are pursued. Accounts with significant balances also necessitate greater in-depth analysis and the determination factors leading to elimination and write off are more stringent and exhaustive. This is a critical function because after all recovery efforts have been exhausted and an account is deemed to be uncollectible, the file should be processed for write off.

The following table illustrates our progress in the area:

Table 2.2.1

| | | Year | |
|---|--------------------------------------|-----------|-----------|
| | | 2013-2014 | 2014-2015 |
| A | No. of Applications Processed | 588 | 514 |
| B | Increase (Decrease) over prior year | (129) | (74) |
| C | Percentage Change | (18) | (13) |
| D | Actual Write off Processed on System | 554 | 518 |
| E | Principal Value \$k | 38,814 | 38,291 |
| F | No. of Accounts on System | 2,303 | 1,785 |
| G | Rate of Determination (D/F) % | 24 | 22 |
| H | Budget | 953 | 965 |

One (1) Officer achieved $\geq 100\%$ of the target. The highest number of accounts written off by one (1) officer was Eighty Two (82) and the lowest was Fifteen (15). Although less write offs (by 74) were processed when compared to the previous period the dollar value was more or less equivalent. These statistics reflect our focus on accounts with principal balances greater than \$100k as well as the fact that a lot of significant amounts deferred for write off in the earlier years are being reviewed and assessed.

2.3 Reviews

This Key Result Area (KRA) is the first step in the recovery process and it is at this stage that the possibility of recovery is assessed and an action plan is determined and implemented. This eventually leads to recovery or write off. Supervisors have a direct responsibility of ensuring that files are reviewed in a timely manner and that accounts are not left unattended limiting the possibility of accounts becoming statute barred.

As officers familiarize themselves with their portfolio the focus changes from review to implementation of action plan and follow-up. Effective portfolio management is monitored and measured by this KRA and the statistics reveal a 96% achievement. Seven (7) Officers met their targets in this area while six (6) Officers did not achieve their targets.

Table 2.3.1

| | 2013-2014 | 2014-2015 |
|-------------------------------------|-----------|-----------|
| No. of Reviews Budgeted | 1576 | 1596 |
| No. of Reviews Completed | 1568 | 1537 |
| Increase (Decrease) over Prior Year | (154) | (31) |
| Percentage: Increase/Decrease | (9) | (2) |

2.4 Closed Files

This KRA measures the number of files officially closed and provides for a proper filing and archiving system. Officers are required to terminate all transactions with customers before close-out and eliminate or limit the need for file retrieval. Close files originate from either write off or paid off accounts and the statistics reveal Five Hundred and Eighty Two (582) files have been closed during this period representing a 60% achievement. The highest achievement by an Officer in this area was 96%

Our monthly monitor of the closed file statistics reveal that the retrieval rate of closed files is under control and within acceptable limits suggesting that Officers are paying more attention to closure of all processing activities before close out.

2.5 Consolidated Performance

The following statistics reveal that we have achieved 113% of the main Collection target, 53% of Negotiated Settlement/Write-Offs, 96% of Reviews and 60% of Closed Files. While achievement of Reviews remains high and 113% of budget was achieved in collections the low achievement in write offs is indicative of the fact that the more difficult and complicated accounts are being targeted.

Table 2.5.1

| | Collection TT\$ Million | | | Neg. Sett./Write-Off No. of Accounts | | | Reviews No. of Accounts | | | Closed Files No. of Accounts | | |
|----------------|----------------------------|--------|-----|---|--------|----|----------------------------|--------|----|---------------------------------|--------|----|
| | Target | Actual | % | Target | Actual | % | Target | Actual | % | Target | Actual | % |
| 2013 - 2014 | 16.1 | 13.4 | 83 | 953 | 588 | 62 | 1576 | 1568 | 99 | 953 | 639 | 67 |
| 2014 - 2015 | 12.6 | 14.3 | 113 | 965 | 514 | 53 | 1596 | 1537 | 96 | 965 | 582 | 60 |

Chart 2.5.2.1

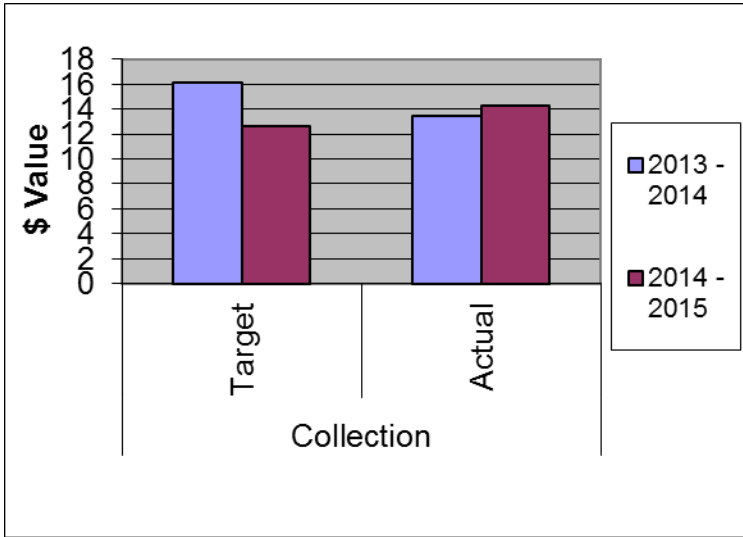


Chart 2.5.2.2

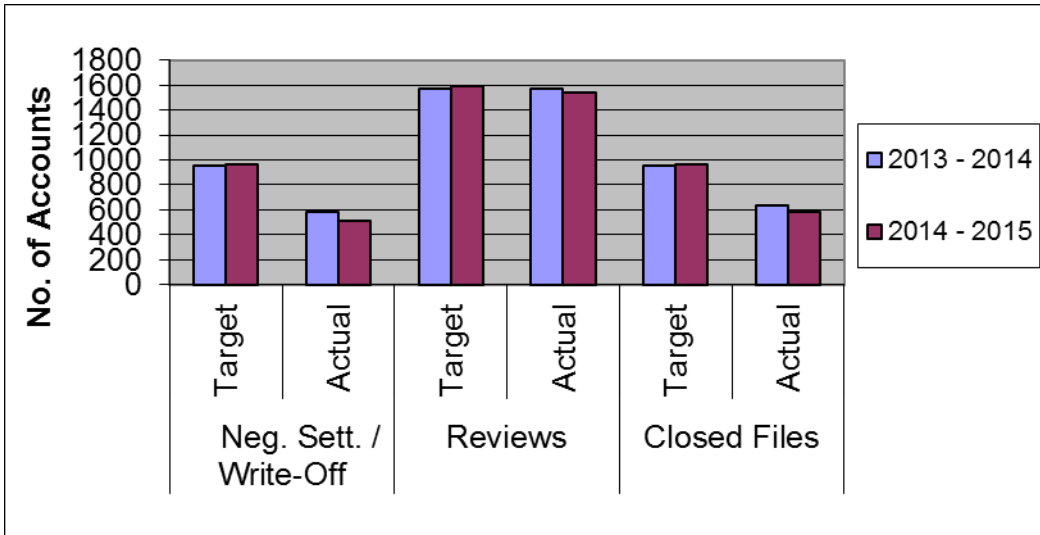


Table 2.5.3

| <i>Key Result Area</i> | <i>2013-2014</i> | <i>2014-2015</i> | <i>Percentage Increase (Decrease)</i> |
|--|-------------------------|-------------------------|--|
| Collection \$M | 13.4 | 14.3 | 7 |
| No. of Negotiated Settlements/Write-Offs | 588 | 514 | (13) |
| No. of Reviews | 1568 | 1537 | (2) |
| No. of Closed Files | 639 | 582 | (9) |

Collections reflected a 7% increase over the previous year but a decline is anticipated as the portfolio shrinks. Negotiated Settlements reflected a decrease of 13% over the previous year. Reviews reflected a decrease of 2% and Closed Files reflected a decrease of 9%. Our staffing in the Account Officer category was consistent throughout the year and this is reflective of the comparative results to the previous year.

2.6 Cost Management

In account related expenses, our budget was underutilized to the extent of \$289k. This was mainly due to lower expenditure in Attorney's Fees (\$176k), Advertising Mortgaged Properties (\$32k) and Survey Fees (\$51k). There were excesses in three areas. Watchman Fees (\$39k), Bailiff Searches Investigator Fees (\$27k) and Other Account Related Expenses (\$13k). These areas are all related to the mortgagee sale process and our actual expenditure of \$1,169k reflects our focus and attention to accounts with mortgage security. However we have continued our efforts to avoid and minimize these costs and settlement is always attempted before we resort to enforcement measures. Our expenditure also reflected an increase of \$180k when compared to the previous year of \$989k

In Operating Expenses our budget was also underutilized to the extent of \$432k.

Budgets were underutilized mainly in the areas of Guard Services (\$96k), Purchase of Plant and Equipment (\$43k) and Other Operating Expenses (\$41k). We did not purchase items of significance during the period and other office related expenses were kept to a minimum. In the area of Guard Services increasing cost were significantly below projections.

These savings were offset by an excess mainly in the area of Rent (\$20k). With effect from February 2015 the lease for the Curepe office was renewed for three years at an increased rental of \$57,500.00 per month.

Overall our budget was underutilized to the extent of \$292k. Salary costs were higher than budget by the sum of \$502k. During the year a new Collective Agreement for bargaining unit staff was signed effective January 1st 2012 and the retroactive payments which were made accounted for the excess.

Table 2.6.1

| | Annual Budget 2014/2015 | Y-T-D Actual 2014/2015 | Y-T-D Variance 2014/2015 |
|--------------------------------------|------------------------------------|-----------------------------------|---|
| EXPENSES | | | |
| Account Related | | | |
| Advertising Mtg. Properties | 192,000.00 | 159,865.20 | 32,134.80 |
| Attorneys fees - Advocate | 60,000.00 | 61,070.00 | (1,070.00) |
| Attorneys fees - Instructing | 552,000.00 | 375,952.99 | 176,047.01 |
| Bailiff, Searches, Investigator fees | 150,000.00 | 176,542.20 | (26,542.20) |
| Land & Bldg. Taxes | 12,000.00 | 0.00 | 12,000.00 |
| Mortgaged Properties - M'tce | 18,000.00 | 1,500.00 | 16,500.00 |
| Mortgaged Properties Insurance | 48,000.00 | 18,103.47 | 29,896.53 |
| Other Account Related Expenses | 60,000.00 | 72,530.19 | (12,530.19) |
| Storage fees | 12,000.00 | 0.00 | 12,000.00 |
| Surveying fees | 72,000.00 | 21,500.00 | 50,500.00 |
| Utilities | 12,000.00 | 244.83 | 11,755.17 |
| Valuation fees | 150,000.00 | 122,629.35 | 27,370.65 |
| Watchman Fees | 120,000.00 | 159,215.00 | (39,215.00) |
| Sub-total | 1458,000.00 | 1169,153.23 | 288,846.77 |
| Operating Expenses | | | |
| Electricity | 150,000.00 | 133,658.73 | 16,341.27 |
| General Service | 60,000.00 | 44,089.31 | 15,910.69 |
| Taurus Property Insurance | 20,000.00 | 17,403.67 | 2,596.33 |
| Guard Services | 240,000.00 | 144,035.76 | 95,964.24 |
| Janitorial Services | 120,000.00 | 99,120.00 | 20,880.00 |
| Meals & Refreshments | 66,000.00 | 38,776.37 | 27,223.63 |
| Medical expenses | 6,000.00 | 0.00 | 6,000.00 |

Table 2.6.1 (cont'd)

| | | | |
|------------------------------------|---------------------|--------------------|-------------------|
| Miscellaneous Staff Expenses | 24,000.00 | 20,047.00 | 3,953.00 |
| Motor Vehicle Expenses | 190,000.00 | 177,135.04 | 12,864.96 |
| Newspapers and Periodicals | 6,600.00 | 1,509.00 | 5,091.00 |
| Other Operating Expenses | 60,000.00 | 18,960.36 | 41,039.64 |
| Pest Control Services | 18,000.00 | 6,687.65 | 11,312.35 |
| Central Processing Services | 565,992.00 | 565,992.00 | 0.00 |
| Purchases:Plant/Equipment | 48,000.00 | 5,459.05 | 42,540.95 |
| Plant Husbandry | 9,600.00 | 7,440.00 | 2,160.00 |
| Professional & Legal Fees | 24,000.00 | 0.00 | 24,000.00 |
| Repairs & Maintenance | 30,000.00 | 16,865.50 | 13,134.50 |
| Stationery | 84,000.00 | 55,469.43 | 28,530.57 |
| Telephone Charges | 120,000.00 | 90,899.44 | 29,100.56 |
| Directors Cellular Billing | 18,000.00 | 14,817.19 | 3,182.81 |
| Toiletries | 66,240.00 | 58,642.49 | 7,597.51 |
| Training Local | 12,000.00 | 0.00 | 12,000.00 |
| Rent | 660,000.00 | 680,000.00 | (20,000.00) |
| Directors Fees | 445,200.00 | 426,700.00 | 18,500.00 |
| Auditing Fees | 84,000.00 | 84,000.00 | 0.00 |
| Reward & Recognition | 18,000.00 | 18,865.00 | (865.00) |
| Donations | 18,000.00 | 22,500.00 | (4,500.00) |
| Business Levy/ Taxes | 48,000.00 | 36,892.55 | 11,107.45 |
| Depreciation | 30,000.00 | 23,668.80 | 6,331.20 |
| Accrual for Bonus | 360,000.00 | 360,000.00 | 0.00 |
| Sub-total | 3601,632.00 | 3169,634.34 | 431,997.66 |
| Staff & Salary Expenses | 4640,000.00 | 5141,628.54 | (501,628.54) |
| Vat Due | 408,000.00 | 334,882.12 | 73,117.88 |
| GRAND TOTAL | 10107,632.00 | 9815,298.23 | 292,333.77 |

2.7 Scorecard Review

The Department's extent of achievement of its Business Plan for 2014/2015 is reflected in the results of the following scorecard:

Table 2.7.1

| Description | <u>BALANCED SCORECARD EVALUATION</u> | | |
|---|---|---------------------|----------------|
| | Target | Actual | Attainment (%) |
| Customer Service | | | |
| No. of Customer Complaints | 0 | 1 | (1) |
| Correspondence Turnaround | 2 weeks | 2 weeks | 100 |
| Head Office Customer Survey Rating | 4.25 | Results o/s | N/A |
| Internal Business Processes | | | |
| No. of Direct Report Meetings | 12 | 12 | 100 |
| No. of General Staff Meetings | 12 | 12 | 100 |
| No. of Supervisory Reviews | 2 | 2 | 100 |
| No. of Reviews (KRA) | 1,596 | 1,537 | 96 |
| No. of Negotiated Settlement/Write-Offs (KRA) | 965 | 514 | 53 |
| No. of Closed Files (KRA) | 965 | 582 | 60 |
| External Audit Completion | 4 months | >12 months | 0 |
| Internal Audit Rating | Effective | N/A | N/A |
| Learning and Growth | | | |
| No. of Process/Systems Improvement | 1 | 1 | 100 |
| Strategic Alignment Survey Rating | 62% | Results Outstanding | N/A |
| Training of Officers | 60% | 90% | 100 |
| Financial | | | |
| Collections \$K | 12,638 | 14,325 | 113 |
| Costs \$K | 10,108 | 9,815 | 97 |
| Other Collections \$K | 0 | 53 | N/A |

2.8 *Subsidiary Portfolio Management*

Results of the annual performance of the Central Bank portfolio are presented hereunder:

Table 2.8.1

| <i>CBTT</i> | <i>2013-2014</i> \$ | <i>2014-2015</i> \$ | <i>Percentage Increase</i> <i>(Decrease)</i> |
|--------------------|------------------------|------------------------|---|
| <i>Collections</i> | 500 | 53 | (89) |

In our continuing focus on the CBTT portfolio we met with Central Bank officials during the year 2012. The CBTT liaison officer was established and semi-annual meetings have been arranged. We undertook to provide status reports on individual accounts and CBTT retained the final sign off authority on all recommendations.

We have assigned the CBTT portfolio amongst the Account Officers in order to speed up the review/recovery process. Our review reveals that we have disposed of all security with the exception of a parcel of land at Maracas, St. Joseph. We have advertised the lands on many occasions without success mainly due to the occupation by squatters.

During the year we have prepared a significant number of write offs which shall be submitted to the CBTT in due course. Significant recovery is not expected from this portfolio in the future.

3.0 **INTERNAL PROCESSES**

Our internal systems and processes are being constantly reviewed to cater for new developments and learning, and improved workflow where bureaucratic situations have arisen and concerns for business continuity were expressed. Based on feedback from Officers and Supervisors, we have continued to amend, update and introduce new guidelines and reports in order to effectively manage and guide the recovery process.

Team meetings and feedback have been encouraged so that our systems, procedures and guidelines can be influenced by the users.

The following are some of the major developments during the period.

3.1 RMS Review

In preparation for the eventual conclusion of the recovery work of the department we have conducted a review of our computer system and the data contained therein. The system does not currently define paid off or settled accounts from written off accounts. It is important that we separate the latter group from the rest because these customers remain indebted and any subsequent enquiries should clearly reveal these debts. Write Off does not mean debt forgiveness and if the opportunity presents itself in the future collection should be pursued. In the circumstances we have devised a strategy to clearly identify the written off accounts which will facilitate credit enquiries long after the closure of the department.

We started this project in the year 2011 and the exercise is nearing completion. As at September 30th 2015 the review has been completed and some of the data has to be entered on the parallel file created. We shall also update the file on a monthly basis with the relevant batch. Upon completion of the recovery function the RMS system can be purged using the data.

As at September 30th 2011 we discontinued the agency arrangement for the Citibank Portfolio but we did not purge the system of these accounts. We have decided to retain the data for credit enquiry purposes.

3.2 Review of Processes

All our account related and recovery expenses including legal fees are paid directly by our office. Some of our operating and office related expenses are also paid directly by our office while some are processed by Finance Department.

We have an established “Authorization Structure in place which has been reviewed periodically as well as established procedures for Petty Cash maintenance. We maintain a Petty Cash limit of \$1,000.00.

During the year we took the opportunity to prepare specific procedures for the Payments Clerk with respect to the “Payment of Bills”. These documented procedures provide the guidelines under which the Payment Clerk performs this aspect of her function as well as the framework for reporting and audit trail.

3.3 External Audit

During this period we focused on the completion of all outstanding audits in liaison with our external auditors, PricewaterhouseCoopers. This was our only area of non compliance in accordance with statutory obligations.

We successfully completed the 2012 Audit in December 2014 and the 2013 Audit in May 2015. The 2014 Audit commenced in the month of August 2015 during which PricewaterhouseCoopers completed their testing. We expect completion shortly which will bring the company into full compliance in this area.

4.0 LEARNING AND GROWTH

We have continued to expose staff to all the training programs scheduled by the Bank in order to enhance their development and prepare them for integration into the network. During the period two (2) of our Administrative Staff won positions in the network. One of our Clerical Assistants also undertook the First Steps Programme and is currently at one of the branches on a temporary basis. Six (6) members of staff are also pursuing their academic goals privately.

4.1 Training

The following statistics show that twenty six (26) out of twenty nine (29) members of staff attended at least one (1) training programme at the Learning Centre compared to our stated objective of ensuring at least a 60% attendance.

Seven (7) members of staff attended at least one (1) programme with Nineteen (19) members attending 2-4 programmes. We are committed to provide staff with all available training opportunities in the new period as we continue to prepare for integration into the network.

Table 4.1.1

| No. Programmes Attended | No. of Attendees | No. of Attendees/Staff Total % | Cumulative |
|-------------------------|------------------|--------------------------------|------------|
| 4 | 1 | 4 | 4 |
| 3 | 5 | 17 | 21 |
| 2 | 13 | 45 | 66 |
| 1 | 7 | 24 | 90 |
| 0 | 3 | 10 | 100 |
| Total | 29 | 100 | |

5.0 CUSTOMER SERVICE

Maintaining customer service excellence is also one of our priorities and in the recovery process it is expected that our interaction with debtors must be professional, timely and courteous with unquestionable integrity. Historical records from the former institutions are not always available or accurate and care must be taken in such circumstances. Along with debtors our customer group includes the service providers, staff, the network of the Bank and other Head Office Units. Developing and maintaining positive relationships with customers both internal and external are critical to our success and the following report provides some details of how we have performed in this area.

5.1 *Customer Complaints*

Management is directly responsible for the receipt, monitoring and resolution of all complaints in a prompt manner and we continue to highlight all customer related issues at our staff meetings. We remain vigilant and proactive in this area. There was one (1) customer complaint during the period. The customer denied the debt which affected his credit rating at another financial institution. Based on comparative information available we confirmed that he was in fact our debtor. However due to the lack of proper documentation on file, we were unable to provide proof of the debt and the account was written off bringing closure to the matter.

We continue to keep customer service and focus as one of our priorities and provide the necessary training to all staff. The results of the Internal Customer Service Survey for 2015 among the Units of the Bank are still outstanding. After review we were also exempted from a new external survey conducted for the network mainly because of the quality of our customer base.

5.2 *Magic Cards*

This programme is used by Management to congratulate and motivate staff who have gone beyond the call of duty and job function exceeding expectations in performance. Six (6) magic cards were awarded during the period to staff who voluntarily assumed leadership roles and went the extra mile to accomplish tasks in satisfaction of pressing demands outside of their areas of function.

5.3 *Reward and Recognition*

This programme recognizes excellence in the areas of Productivity, Customer Service, Leadership and Co-operation on a monthly basis and Achievement of Targets on a quarterly basis. The programme is used as a motivating factor in our drive to maximize collections and encourage higher standards of performance and achievement. A monthly “Collections” and “Other KRA’s” winner is also recognized. Staff are allowed to nominate their colleagues providing their reasons in the areas of Productivity, Leadership, Customer Service and Co-operation. In the area of Achievement of Targets, the Key Result Areas of Collections, Negotiated Settlement/Write Offs, Reviews and Closed Files are the statistics used to decide the winners. The following are the statistics for the period.

Table 5.3.1

| Category of Awardees | <i>Achievement of Targets</i> | <i>Collections</i> | <i>Other 3 KRA's</i> | <i>Productivity</i> | <i>Leadership</i> | <i>Customer Service</i> | <i>Cooperation</i> |
|-----------------------------|--------------------------------------|---------------------------|-----------------------------|----------------------------|--------------------------|--------------------------------|---------------------------|
| No. of Winners | 7 | 16 | 23 | 6 | 18 | 11 | 65 |
| No. of Multiple Winners | 1 | 4 | 4 | 2 | 5 | 2 | 20 |

5.4 *Fundraising/Christmas Wish Week/Charity*

The Unit held two fundraisers during the period in the form of a “Curry Que” and “Bake and Shark” from which we realized a profit of \$11,257.00. These ventures which were managed by staff required a lot of teamwork and coordination and staff again rose to the occasion. The ventures were well supported by staff from the network and some of our service providers. For our Christmas Wish Project 2014 we were able to assist six (6) families with hampers and donations to the extent of \$8,984.92.

6.0 **CONCLUSION**

In our core area of responsibility we achieved 113% of our budgeted collections and maintained expenditure well within projections. On a comparative basis collections increased by 7% and expenditure also increased by 16% when compared to the previous year’s statistics. The portfolio was reduced by 518 accounts to the extent of \$51,820k inclusive of write offs.

In the area of compliance management has been focusing on the completion of the Audits for the years 2012 to 2014. The Audits for 2012 and 2013 were completed in December 2014 and May

2015. The Audit for 2014 which commenced in August 2015 is expected to be completed shortly.

The team remained committed to the task and focused on the Key Result Areas. The contract workers continued to seek permanent employment in the network and we expect this trend to continue and even accelerate as the end of the recovery objectives approach. Our training of these employees by the experienced officers and supervisors will redound to the benefit of the organization in the long term and the effort is appreciated.

Management extends thanks and appreciation to all staff for their commitment and to the Board and Head Office Units for their support during the period.