

**TEACHERS AND SALARIED WORKERS
COOPERATIVE CREDIT UNION LIMITED**



44TH

**ANNUAL
REPORT**

Theme: "Financial Security in Uncertain Times"

Saturday, June 19, 2021
8:00 a.m.
Virtual Meeting

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AGENDA

9:00 a.m.

CALL TO ORDER Chairman

INVOCATION

NATIONAL ANTHEM

PRAYER OF ST. FRANCIS OF ASSISI

9:10 a.m.

Apologies

Reading of AGM Notice Secretary of the Board

Ascertainment of Quorum Vice Chairman of the Board

Greetings: Bahamas Co-operative League Limited

9:30 a.m.

Protocol for Meeting Vice Chairman of the Board

9:35 a.m.

Minutes of Last Meeting Secretary of the Board

9:50 a.m.

Matters Arising Chairman of the Board

10:15 a.m.

Board of Directors Report Chairman of the Board

10:35 a.m.

Treasurer's Report Treasurer of the Board

Audited Financial Statements

Budget

10:55 a.m.

Supervisory Committee Report Committee Chairman

Credit Committee Report Committee Chairperson

Education Committee Report Committee Chairperson

11:30 a.m.

Resolutions Secretary of the Board

Distribution of Interests

Appointment of Auditors

Any other Resolutions

11:45 a.m.

Nomination Committee Report Committee Chairman

ELECTIONS

(Board of Directors, Supervisory, Credit & Nomination Committees)

Vote of Thanks Assistant Treasurer of the Board

PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of your peace: where there is hatred, let me sow love;
where there is injury, pardon; where there is doubt, faith;
where there is despair, hope; where there is darkness, light;
where there is sadness, joy.

O divine Master, grant that I may not so much seek to be consoled as to console,
to be understood as to understand, to be loved as to love.
For it is in giving that we receive, it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal life.
Amen.

STANDING ORDERS

1. (a) A member is to stand when addressing the Chair.
(b) Speeches are to be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which the member shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. A member may not speak twice on the same subject except:
 - (a) The Mover of a Motion – who has the right to reply
 - (b) The member rises to object or to explain (with the permission of the Chair).
5. The Mover of a procedural motion, such as for adjournment or postponement of the meeting, shall have no right to reply once the motion is laid on the table.
No speech is to be made after the “Question” has been put and carried or defeated.
7. A member rising on a point of order is to state the point clearly and concisely (A “point of order” must have relevance to the “Standing Order”).
8. A member should not “call” another member “to order” – but may draw the attention of the Chair to a ‘breach of order’.
9. A question should not be put to vote if a member desires to speak on it or move an amendment to it – except that a “Procedural Motion”, “The Previous Question”, “Proceed to the next Business” or the “Closure” that the Question be “NOW PUT”, may be moved at any time.
10. Only one amendment should be before the meeting at any time.
11. When a motion is withdrawn, any amendment to it also falls away.
12. The Chairman is to have the right to a “casting vote”.
13. If there is equality of voting on an amendment, and the Chairman does not exercise his casting vote, the amendment is lost.
14. Provision is to be made for protection by the Chairman from vilification (personal abuse).
15. No member shall impute improper motives against another member.
16. Only members are allowed to speak or ask questions at the meeting.

BOARD DIRECTORS



SHARON RAHMING
BOARD CHAIRPERSON



ITALIA SEYMOUR
VICE CHAIRMAN



THERESA DELEVEAUX
TREASURER



CHERYL BOWE-MOSS
SECRETARY



EDNA GLINTON
ASSISTANT TREASURER

SUPERVISORY COMMITTEE



Graham Mckinney
Chairperson

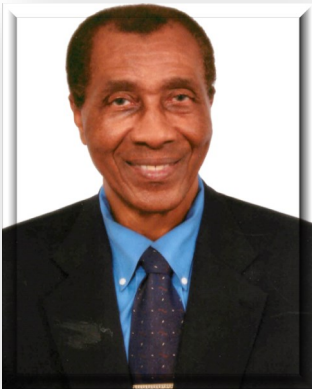


Renee Mayers
Secretary



Shavado Gibson
Member

CREDIT COMMITTEE



E. J. Bowe
Chairman



Bernadette Davis-Smith
Secretary

NOMINATIONS COMMITTEE



Theresa Mortimer



Sophia Thompson-Williams

EDUCATION COMMITTEE



Barbara Bowe
Chairperson



Doreth Campbell
Member

Make it a priority to have at least eight months of living costs set aside in a federally insured bank or credit union account.

- Suze Orman -

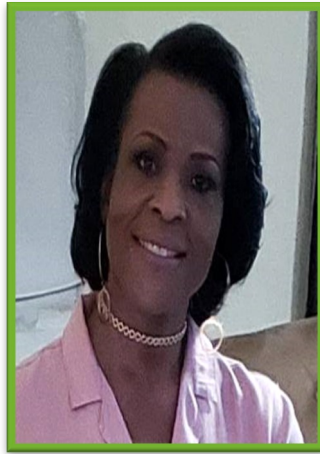
SENIOR MANAGEMENT TEAM



Byron Miller
General Manager



Randolph Minnis
Chief Risk Manager



Sophia Moss
Sr. Operations Manager



Lynette Moore
Financial Controller



Jarrod Thompson
Sr. I.T. Manager

MANAGEMENT TEAM



Elaine Ferguson
Credit Risk Manager



Hadassah Marche
Branch Manager Abaco



Tonia Percentie
Branch Manager (FPO)



RANDY TAYLOR
COMPLIANCE MANAGER

MANAGEMENT TEAM CONT'D



SHARELL BASTIAN
LOANS MANAGER



JOANNE BOWE
INTERNAL AUDITOR



JACQUELINE WHYMS
H.R. MANAGER



MARIO DALEY
AST. FINANCIAL CONTROLLER



Barone Coleby
Property Manager

Before the arrival of the Credit Union, people who were from the poor background or a working class background couldn't borrow from banks.

John Hume



Joanne Gibson
Asst. Manager Credit



Camille Burrows
Asst. Manager Data Info.



RHONDA ARTHUR
ASST. MANAGER TRAINING



SUPERVISORS



SAMANTHA COLEBROOK
OPERATIONS SUPERVISOR



CLAUDETTE DANIEL
SUPERVISOR MEMBER SERVICES



BIANKA BROWN
SUPERVISOR FREEPORT



FELONIE SHEPHERD
TELLER SUPERVISOR



MARIA RHODRIQUEZ
CORPORATE ADMINISTRATOR




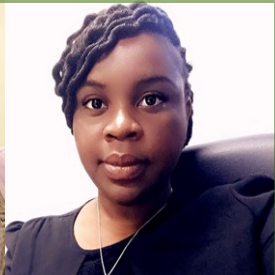










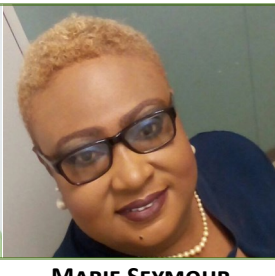
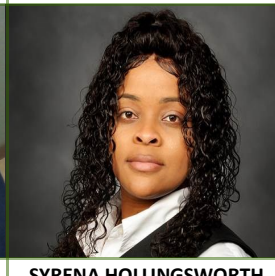











ALANCHA THOMPSON
I.T. SUPERVISOR



EMPLOYEES/LINE STAFF

EVELYNDA SMITH CLERK III LOANS	KENDRICK MINNS CLERK III (COLLECTIONS)	BETTY HANNA CLERK III (COLLECTIONS)	EARLA MOSS CLERK II (COLLECTIONS)	TALOV WILSON CLERK II (I.T.)
CINDY EDGECOMBE CLERK II (FREEPORT)	MCALEX CORNEILLE CLERK II (I.T.)	CHEERESE MAJOR CLERK II (COMPLIANCE)	NIGELLA THOMPSON CLERK II (PROPERTY AB)	SAMEA GRAY INTERNAL AUDIT CLERK II
CORENE MOXEY CLERK II (MS)	SHEILAMAE SANDS CLERK II	TIFFANY COOPER CLERK II	GIOVANNI WILLIAMS ACCOUNTS CLERK II	PHILENDRA SYMONETTE CLERK II (MS)

EMPLOYEES/LINE STAFF CONT'D

				
LARHUE MCPHEE CLERK II (ABACO)	CHRISTINE ANTOINE ACCOUNTS CLERK II	ZSIA POITIER CLERK I (I.T.)	DONNA DARVILLE CLERK I (LOANS)	MARCUS COOPER EDIT CLERK I
				
LYNDA SMITH CLERK I (LOANS)	SHANIKA BAILLOU CLERK I (FREEPORT)	SEKERON DORSETTE CLERK I (TELLER)	JAMAL FRASER CLERK I (TELLER)	TROY BABBS CLERK I (ABACO)
				
DAVINYA LIGHTBOURNE CLERK I (ATM)	JIMICA FRANCOIS CLERK I (MS)	MARIE SEYMOUR CLERK I (MS)	SYRENA HOLLINGSWORTH CLERK I (TELLER)	BRANDO POITIER CLERK I (I.T.)
				
PATRINIQUE ASTWOOD CLERK I (TELLER)	KERTISHA RUSSELL CLERK I (TELLER)	PHEONA BROWN STUBBS CLERK I (FINANCE)	CAMILLE ROLLE CLERK I (FREEPORT)	NADIA JOHNSON CLERK I (TELLER)
				
SHAKIA JOHNSON CLERK I (TELLER)	BRANDON JONES CLERK I (TELLER)	LESON THURSTON CLERK I (TELLER)	JHADE HENDFIELD CLERK I (FREEPORT)	STEPHANIE WILLIAMS LOANS CLERK I

RETIRING BOARD & COMMITTEES MEMBERS

In accordance with Section XIV 46 of the Bye-Laws, **Tenure of Office**, the tables below shows the list of elected persons on the Board, Supervisory Committee, Credit Committee and Nominations Committee and the dates of their retirement.

RETIRING BOARD MEMBERS

Directors	Elected/Reelected	2021	2022	2023
Cheryl Bowe-Moss	2019			*
Sharon Rahming	2018		*	
Edna Ginton	2019			*
Geraldine Stevens	2017	*		
Walter J. Ferguson	2017	*		
Theresa Deleveaux	2018		*	
Italia Seymour	2017	*		

RETIRING SUPERVISORY COMMITTEE MEMBERS

Supervisors	Elected/Reelected	2021	2022	2023
*Elbert Thompson—Elbert Thompson Resigned in 2019. Shavado Gibson was appointed to fill vacancy until the next Annual General Meeting (2021)	2019			*
Renee Mayers	2017	*		
Graham McKinney	2018		*	

* **TSWCCUL Bye-Laws Section XVIII, Subsection 76:** *Any vacancy on the Committee may be filled by the remaining members of the Committee who may appoint a qualified member until the next Annual General Meeting at which time a member shall be elected to fill the unexpired term.*

RETIRING CREDIT COMMITTEE MEMBERS

Member	Elected/Reelected	2021	2022	2023
Ernest J. Bowe	2018		*	
Bernadette Davis-Smith	2019			*
Patrick Smith	2017	*		

RETIRING NOMINATIONS COMMITTEE MEMBERS

Member	Elected/Reelected	2021
Sophia Thompson-Williamson	2019	*
Theresa Mortimer	2019	*

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Minutes of the **43RD ANNUAL GENERAL MEETING** *Theme: “Embracing Change for Greater Security”*

1.0 CALL TO ORDER

- 1.1 The 43rd Annual General Meeting (AGM) of the Teachers and Salaried Workers Co-operative Credit Union Limited was called to order virtually at 9:00 a.m. by Chairperson, Mrs. Sharon Rahming. She welcomed all to the first online Annual General Meeting.

2.0 PRAYER

- 2.1 Mr. Graham McKinney led with an opening prayer.
- 2.2 The Prayer of St. Francis of Assisi was recited by all.

3.0 READING OF THE ANNUAL GENERAL MEETING NOTICE

- 3.1 Secretary, Mrs. Cheryl Bowe-Moss read the Notice of the AGM.

4.0 ADOPTION OF THE AGENDA

- 4.1 Motion to accept the agenda was moved by Ms. Theresa Mortimer, seconded by Mrs. Italia Seymour and was carried.

5.0 ASCERTAINMENT OF QUORUM

- 5.1 Vice Chairman Mrs. Italia Seymour stated that at 9:25 a.m. there were one-hundred fifteen (115) registered members on the virtual platform which exceeded the required one hundred (100) persons for a quorum.

6.0 MOMENT OF SILENCE OBSERVED

- 6.1 Chairperson Mrs. Sharon Rahming called for a moment of silence to be observed in remembrance of members lost, highlighting the passing of Directors Mrs. Geraldine Stevens and Mr. Johnley Ferguson. May their souls rest in peace and rise in glory.

7.0 PROTOCOL FOR MEETING

- 7.1 Vice Chairman Mrs. Italia Seymour read the Standing Orders found on page-3 of the booklet.

8.0 APOLOGIES

- 8.1 Chairperson Mrs. Sharon Rahming gave apology for Mr. Bradley Sands, Assistant Treasurer of the Bahamas Cooperative League who unavoidably will be arriving late. Therefore, greetings from the Bahamas Cooperative League is deferred for later in the meeting.

9.0 READING OF THE 42ND AGM MINUTES

- 9.1 Motion for the 42nd AGM minutes to be taken as read and to dispense with the reading was moved by Ms. Theresa Mortimer, seconded by Mrs. Edna Ginton and was carried.

10. MATTERS ARISING

10.1 No matters were tendered.

11. CORRECTION OF THE 42nd AGM MINUTES

11.1 No corrections were submitted.

12. APPROVAL OF THE 42nd AGM MINUTES

12.1 Motion to accept the Meeting Minutes of the 42nd AGM was moved by Mr. Graham McKinney, seconded by Mr. E. J. Bowe and was carried.

13. BOARD OF DIRECTORS' REPORT - 2019 YEAR IN REVIEW

13.1 Motion to dispense with the reading of the Board Report was moved by Mr. E. J. Bowe, seconded by Mr. Graham McKinney and was carried.

13.1.1 The report was presented page-by-page for any questions from the membership. No questions were tendered.

14. TREASURER'S REPORT

The Treasurer's Report for the year, at 31st December 2019 was presented by Treasurer, Ms. Theresa Deleveaux. The Treasurer advised that the report for the year ending December 31, 2020 will be dealt with at the AGM in May 2021. The following was highlighted (see report on page 33-35 of booklet for complete details).

14.1 Despite the depressed economy and reduction in our loan portfolio the Credit Union was able to see significant growth.

14.2 Assets totaled \$224,431,302 an increase of 4.1%.

14.3 Liabilities totaled \$202,388,002 an increase of 4%.

14.4 Equity totaled \$22,043,300 an increase of 4.9%

14.5 Operational Profit and Loss Statement showed Total Income of \$13,126,785, and Total Expenses \$10,808,461 resulting with a Net Profit of \$2,318,324. Total Comprehensive Income totaled \$2,738,989.

14.5.1 During 2020 the Board and Management must continue to aggressively follow-up on delinquent loans and ensure that rent receivables are collected in a timely manner. It is critical to keep loan loss provisioning and outstanding rent at a minimum which is essential to the credit union realizing a net profit at year end.

14.6 The break-down by branches:

14.6.1 Nassau - Income for the year ending 31st December 2019 totaled \$9,401,560. Expenses totaled \$8,559,717. The net income on investment properties was \$53,278, resulting in a comprehensive net profit of \$841,843.

14.6.2 Grand Bahama - Income for the year ending 31st December 2019 totaled \$2,572,194, Expenses totaled \$949,894. The net loss on investment properties was \$43,221 resulting in a comprehensive Net Profit of \$1,622,300.

14.6.3 Abaco - Income for the year ended 31st December 2019 totaled \$1,206,310, Expenses totaled \$1,352,129. The Net Loss on Investment Properties was \$553,093 resulting in a Comprehensive Net Loss of \$145,819.

14.6.4 As at 31st December 2019 outstanding rent receivable from current tenants totaled \$567,568 of which \$114,576 is provided for. Board and Management has taken the necessary steps to collect outstanding rent inclusive of funds owed for accounts written-off for several past tenants through eviction and the court system.

14.7 STATUTORY RESERVE DEPOSIT

14.7.1 Statutory Reserve at the end of December 2019, was slightly above the required 10% of assets totaling \$22,573,950 (\$22,443,130) or 10.14% a favorable overage of \$130,820. Item December 2019 December 2018 % Increase/ Decrease Variance Board & Committee Development & Travel \$ 17,685 \$41,095 -56.97% \$23,410 Staff Travel, Training & Development \$118,139 \$82,522 43.16% \$35,617 Salaries \$2,055,930 \$2,038,745 0.84% \$17,185 Staff Benefits \$507,605 \$559,356 -9.25% \$51,751 Members Education \$4,323 \$3,401 27.11% \$922 Board & Committees Out-of-pocket expense \$62,020 \$62,520 -0.80% \$500 Board & Committee Meetings \$5,589 \$5,268 13.69% \$72) Loans Provision \$5,116,493 \$1,990,315 179.84% \$3,579,296 Bad Debt Investment Property \$28,707 \$24,620 16.60% \$4,087 Investment Property \$1,590,928 \$1,637,091 -3.12% \$50,250 Advertising & Promotions \$112,968 \$104,607 7.99% \$8,361 Marketing \$1,738 \$12,137 -85.68% \$10,399 Donation \$14,188 \$10,829 31.02% \$3,359 Vat Expenses \$161,933 \$149,055 8.64% \$12,878 Property Income as at Dec. 2019 Provision Expenses Net Income / (Loss) Rent Receivable East Street Office Complex \$472,633 \$0 (\$394,602) \$78,031 \$424,268 TWD Highway Plaza \$172,609 (\$26,989) (\$197,362) (\$24,753) \$32,590 Freeport Plaza \$150,434 (\$68,126) (\$193,655) (\$43,221) \$83,010 Abaco Complex \$252,216 (\$19,461) (\$805,309) (\$553,093) \$27,700 Income/loss as at Dec. 31, 2019 \$1,047,892 (\$114,576) (\$1,590,928) (\$543,036) \$567,568 Teachers & Salaried Workers Co-operative Credit Union Limited 42nd Annual General Meeting 34

14.8 LIQUIDITY RESERVE DEPOSIT

14.8.1 Liquidity Reserves held with the League totaling \$20,015,698 (19,937,857) or 10.04% slightly above the required PEARLS ratio standard of 10.00% of total member deposits resulting with a favorable overage of \$77,841 as at December 31, 2019.

14.9 MEMBERS EQUITY

14.9.1 Total Equity stood at \$22,043,300 or 9.9% of total Assets (\$22,443,130); resulting with a shortfall of \$399,830 high is below the 10% of total Assets require to pay dividends on Qualifying and Equity Shares.

14.10 DELINQUENCY

14.10.1 For the year ending December 31, 2019, 702 delinquent loans totaled \$15,377,603, of which loan loss provision totaling \$5,569,611 in accordance with PEARLS had to be provided for. Security held against delinquent loans totaled \$8,481,762 resulting in an exposure totaling \$6,895,841 to the credit union. Loans over 12 months remain the largest category with 444 loans totaling \$10,756,867 representing 69.9% of total delinquent loans. Delinquent loans to total loans as at 31st December, 2019 stood at 16.8%, which is above the required PEARLS standard of 5%. Recoveries of bad debt during the year totaled \$207,794. During the year the Collections Department collected \$324,206 on delinquent mortgages. However, as at 31st December 2019 the outstanding balance totaled \$6,536,355. Even though the Collections Department aggressively pursued delinquent members by telephone calls, weekly pick-ups or through the courts, the credit union provisions for delinquent loans noted in the financials totaled \$5,569,611 and \$114,576 for Investment Properties for delinquent members at 31st December 2019. The Board continues to monitor Management's collection efforts in accordance with policy and that all loans delinquent 365 days and over which have been deemed uncollectable in accordance with International Accounting Standards Management was mandated that portfolio is outsource to a collections agency. The Board also mandated foreclosures of delinquent properties, then to seek assistance of Real Estate Companies, placement of advertisements in newspapers and through the courts to ensure the recovery of the credit union's assets.

14.11 PEARLS RATIO ANALYSIS

14.11.1 As at December 31, 2019, all but one (1) of Credit Union's PEARLS ratios were below the required accounting standard. During 2019, every effort will be made by Board and Management to seek ways to bring deficiencies into compliance namely loans, delinquency and capital. If these deficiencies are not adequately addressed the Credit Union's bottom line will be affected. If we, the owners do not utilize the credit union's largest money-making element, being loans, but rather seek to do business with other financial institutions, we are only hurting ourselves. Therefore, we must work as a team to grow the loans portfolio from 34.66% to 70-80%. This will not only bring the loans ratio in compliance with the required PEARLS standard but will also increase the Credit Union's bottom line. Additionally, it should be noted that if Members' Equity is below 10% of assets there cannot be any payment of dividends on Qualifying and Equity Shares. Board and Management wish to bring to your attention that Statutory Reserve under Members Equity is below the required 10% standing at 7.13% of total assets a shortfall of \$6,443,130 that must be corrected sooner than later to be compliant with Law and avoid the possibility of having to pay a penalty to the Regulator. Teachers & Salaried Workers Co-operative Credit Union Limited 42nd Annual General Meeting 35

14.11.1.1 Solvency 110.79 ($\geq 111\%$) *

14.11.1.2 Net Loans 34.66% (70-80%) *

14.11.1.3 Financial Investment 12.39% (=10%) *

14.11.1.4	Delinquency 9.42% (<=5%) *	
14.11.1.5	Non-earning 14.02% (<=5%) *	Assets
14.11.1.6	Net Income/Avg. Assets *	1.03% (10%)
14.11.1.7	Statutory Reserves	7.13% (> 10%)
14.11.1.8	Liquidity Reserves	10.04% (10%)
14.11.1.9	Capital Ratio	9.88% (>10%) *

14.12 CONCLUSION

Although the credit union made a profit during 2019 there is still much more to be done for us to yield a more profitable bottom line and become fully compliant with the Law. For us to achieve this goal we must ensure that we offer the best products and services that will assist our members to become financially sound.

- 14.13 Motion to approve the Treasurer’s Report for the year ending December 31, 2019 was moved by Ms. Theresa Mortimer, seconded by Mrs. Sophia Williams-Thompson and was carried by majority online pole.

15. EXTERNAL AUDITOR’S REPORT

The External Audit Firm Baker Tilly’s representative, Mr. Paul Gomez presented the External Audit Report found on pages 39 to 105, highlighted as follows (see report for complete details):

15.1 Opinion

We have audited the financial statements of Teachers and Salaried Workers Co-operative Credit Union Limited (the “Credit Union”), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in members’ equity and statement of 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 Credit Union as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

15.2 Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 25 where the Credit Union has a shortfall in the required regulatory reserves which is composed of the Credit Union’s statutory reserves, retained earnings and members’ shares as at December 31, 2019 by 0.1% or amounting to \$200,082.

15.3 Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit

Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

15.4 Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

15.5 Report and Other Legal and Regulatory Requirements

In our opinion, the Credit Union, of which we are the auditors, has kept its accounting and other records in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015, the Regulations, and its Bye-Laws.

16. QUESTIONS FOR THE AUDITORS FROM THE MEMBERSHIP

16.1 First question asked via the chat was what action plan was in place for delinquent loans.

16.1.1 Treasurer Ms. Theresa Deleveaux advised that there is a plan in place with management vigorously strategizing and working on reducing delinquency.

16.2 Second question via the chat was what was being done to reduce expenses and increase income.

16.2.1 Treasurer Ms. Theresa Deleveaux reported that many loan campaigns were launched. She noted that loans are the biggest income generator and as such, management launched new mortgage and consumer loans campaigns. The Treasurer stated that a result of Covid19 pandemic was a reduction in expenses with working remotely. They will continue with those mechanisms to keep expenses down.

16.3 Third question via the chat was will delinquent members face consequences.

16.3.1 Treasurer Ms. Theresa Deleveaux advised that delinquent members are being taken to court as well as foreclosures on delinquent mortgages. The credit union is working to sell the investment properties. The Treasurer reported that the South Ocean property was sold for almost \$2million. Once other sales on investment properties are completed, the credit union will be placed in a better standing and meet the requirements with the law regarding having investment properties.

16.4 Forth question via the chat was how the credit union plans to meet Central Bank requirements regarding the statutory reserves.

16.4.1 Treasurer Ms. Theresa Deleveaux advised that the only solution is to increase equity which must come from retained earnings. The credit union must ensure outstanding debts are paid.

16.4.2 Mr. Paul Gomez reiterated that once the properties are sold the credit union will be in a better position to generate cash. Provisioning for bad loans, given the current climate, will be around for a while.

- 16.5 Mr. Paul Gomez mentioned the implementation of the Sand Dollar or digitize currency and advised that the credit union must determine the impact this will have and the potential for the credit union to be more profitable. He advised that with each Sand Dollar spent there must be an equal amount on the depositor's savings. However, The Bahamas has allowed the Central Bank to hold the money in reserve. This means, if 20,000 Bahamians use the Sand Dollar and the reserve is in the Central Bank, the funds will be going out of the bank and into the Central Bank. Mr. Paul Gomez made recommendation for the credit union to meet with a representative from the Central Bank to discuss how this will impact the credit union business and how the credit union can use the Sand Dollar to compliment its existing business along with what the ramifications will be to all financial institutions.
- 16.5.1 Treasurer Ms. Theresa Deleveaux reported that management of the credit union were in talks with the Central Bank and the Sand Dollar will be coming to the credit union in March. They are awaiting Central Bank approval. She also reported that the credit union was embarking on its own credit card so it would not have to payout to another financial institution.
- 16.5.1.1 She advised that debit cards are now available with quite a number of them that needs to be collected by members.
- 16.5.2 Treasurer Ms. Theresa Deleveaux advised that the management team is proactive, and they are bringing things to the Board for review. She assured all that the credit union is on the way to moving up.
- 16.5.3 Mr. Paul Gomez advised the credit union to scrutinize the Sand Dollar with focus on both the advantages and disadvantages, adding this is very important.
- 16.5.4 Treasurer Ms. Theresa Deleveaux assured that the General Manager and Risk Manager were reviewing the pros and the cons. They are looking at ensuring the credit union gets the best for the members to increase their profit shares.
- 16.6 Fifth question via the chat was what new benefits are available or being offered to members of good standing and why should a member keep their monies in the credit union when it is not offering benefits like the banks.
- 16.6.1 Treasurer Ms. Theresa Deleveaux advised members to remember that they are the owners of the credit union. While our rates maybe a little higher than the banks, the banks do not offer interest rates on savings accounts.
- 16.6.1.1 She also stated that the credit union offers a (life insurance) plan on savings where if a member has a balance on their shares at a maximum of \$20,000.00, their beneficiaries will receive double or \$40,000. If the member is deceased between the ages of 61-74, the benefit is decreased to 75%. The Treasurer also advised that members funds are protected at maximum of \$100,000.
- 16.6.1.2 Members were directed by the Treasurer to come in and meet with the Credit Manager, or Mortgage Manager to discuss the best loan rate that can be offered to them.
- 16.6.2 Secretary Mrs. Cheryl Bowe-Moss reminded members that they have a voice and

can speak at the credit union's AGM and make decisions, unlike at a bank AGM.

16.2.1 She reported that the credit union has an online app that can be downloaded where members can access their account live. Members will also be able to contact managers through the webpage directly.

16.7 Sixth question via the chat was what the ceiling on mortgages was.

16.7.1 Treasurer Ms. Theresa Deleveaux advised the ceiling was \$500,000.

16.8 Question via chat from Ms. Zelrona Mackey asked that the information on features and benefits be imparted to bank tellers.

16.8.1 Chairperson Mrs. Sharon Rahming noted the question and advised that the credit union has a new training department tasked with ensuring knowledge on benefits is imparted to staff.

16.9 Question via chat on if the credit union is considering opening branches on other family islands such as Long Island.

16.9.1 Chairperson Mrs. Sharon Rahming noted the question.

17 2020-2021 PROPOSED BUDGET

Treasurer, Ms. Theresa Deleveaux presented the 2020-2021 proposed Budget found on page 32-34.

17.1 Ms. Olivia Saunders via chat questioned how investment in technology has improved member service.

17.1.1 Secretary Mrs. Cheryl Bowe-Moss stated that the old system was antiquated therefore the computer system was upgraded allowing the credit union to move to an online platform that is comparable with other financial institutions. The new system allows:

- Members to use their debit cards online.
- Improves the input of members information in the system and how files are stored.
- Easy control of information and access in real time.
- Moving to processing loans online and funds being wired directly to our members. This makes the approval process faster.
- An offsite data storage for security in case of a disaster.
- Increased memory storage.

17.2 Question received via chat on International Travel.

17.2.1 Treasurer Ms. Theresa Deleveaux pointed out that the Board did not travel in 2019 and there was no travel in 2020. She stated that these are budgeted figures only and advised that the Board agreed there will be no travel in 2021.

17.3 Question received via chat on if there is a new card.

17.3.1 Chairperson Mrs. Sharon Rahming advised that yes, the credit union has a new debit card that can be used at various ATMs.

17.4 Motion to approve the budget for 2020-2021 was moved by Mrs. Sophia Thompson-Williams, seconded by Mr. E. J. Bowe, and was carried by majority online pole.

18. SUPERVISORY COMMITTEE REPORT

Mr. Graham McKinney, Chairman of the Supervisory Committee was invited to present the Supervisory Committee Report.

18.1 Motion to dispense with the reading of the Supervisory Committee Report was moved by Ms. Theresa Mortimer, seconded by Mrs. Sophia Thompson-Williams and carried.

18.2 The floor was opened for questions and nil was tendered.

18.3 Motion to accept the Supervisory Committee Report was moved by Mrs. Sophia Thompson-Williams, seconded by Ms. Barbara Bowe and was carried by majority online pole.

19. CREDIT COMMITTEE REPORT

Mr. E. J. Bowe, Chairman of the Credit Committee was invited to present the Credit Committee Report.

19.1 Motion to dispense with the reading of the Credit Committee Report was moved by Mr. Graham McKinney, seconded by Mrs. Sophia Thompson-Williams and carried.

19.2 The floor was opened for questions and nil was tendered.

19.3 Motion to accept the Credit Committee Report was moved by Mr. Graham McKinney, seconded by Ms. Barbara Bowe and was carried by majority online pole.

20. EDUCATION COMMITTEE REPORT

Ms. Barbara Bowe, Chairman of the Education Committee was invited to present the Education Committee Report

20.1 Motion to dispense with the reading of the Credit Committee Report was moved by Mr. Graham McKinney, seconded by Ms. Theresa Mortimer and was carried.

20.2 The floor was opened for questions and nil was tendered.

20.3 Motion to accept the Credit Committee Report was moved by Mr. E. J. Bowe, seconded by Mr. Graham McKinney and was carried by majority online pole.

21. RESOLUTIONS

Secretary, Mrs. Cheryl Bowe-Moss presented the Resolutions as follows:

21.1 RESOLUTION 1

WHEREAS the audited accounts for 2019 indicate that there are sufficient funds to provide a cash dividend to shareholders of the Teachers and Salaried Workers Co-operative Credit Union Limited, and

WHEREAS the Directors have determined that after the payment of such dividend the Company will be able to meet all of its continuing obligations and provide adequate funds for reinvestment in the business;

BE IT RESOLVED that this Annual General Meeting approves payment of One and a Quarter Percent (1.25%) Interest on Regular Share (RS) Deposits; One and a Quarter Percent (1.25%) Interest on Mortgage Security (MG); Three Quarter Percent (0.75%) Interest on Dividend Reinvestments; Three Quarter Percent (0.75%) Interest on Retirement Accounts; Three Quarter Percent (0.75%) Vacation & Christmas Club (VC/C2); One Half Percent (0.50%) Interest on Deposit Accounts (D1); One Half Percent (0.50%) Interest on Share (Savings) Deposit (SD).; One Half Percent (0.50%) Interest on Bill Paying Accounts.

21.1.1 Resolution 1 passed by majority vote via online pole

21.2 RESOLUTION 2

APPOINTMENT OF AUDITORS BE IT RESOLVED that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2020.

21.2.1 Resolution 2 passed by majority vote via online pole

21.3 RESOLUTION 3

REMUNERATIONS CONSIDERING the new Bahamas Co-Operative Credit Union Act, of 2015 came into effect in June of 2015. The Act for the first time provides for the remuneration of directors and committee members in connection with their duties as directors or a committee member of a cooperative credit union. Remunerations for the purpose of the Act, includes any honorarium, stipend or payment in cash or in kind, however designated.

WHEREAS, Section 58 of the Act provides that, for directors and members of a committees to be paid any remunerations, the amount must be fixed (agreed) and ratified by resolution each year at the annual general meeting.

BE IT RESOLVED, and **RATIFIED** that remunerations to Directors and Committee Members be fixed and ratified as follows:-

Part (i): **DIRECTORS**

That the remuneration (stipend) for Directors be fixed and ratified at Five Hundred, and Thirty dollars (\$530.00) per month each, in arrears, until the next annual general meeting in 2021.

Part (ii): **SUPERVISORY AND CREDIT COMMITTEE MEMBERS**

(a) That the remuneration for Supervisory Committee and Credit Committee members be fixed and ratified at Two Hundred and Fifty dollars (\$250.00) each per month, in arrears until the next annual general meeting in 2021.

21.3.1 Resolution 3 passed by majority vote via online pole

22. NOMINATION COMMITTEE REPORT

Secretary Mrs. Cheryl Bowe-Moss advised that this AGM should have been held May 2020 and we were now nine months into the new term. The Central Bank mandated all credit unions to hold an AGM by the end of December 2020. A resolution will be put to the membership regarding when all terms are to commence outlined in the report from the Nominations Committee.

22.1 Ms. Theresa Mortimer, Chairperson of the Nomination was invited to present the Nomination Committee Report as follows:

The Nominations committee of the Teachers & Salaried Workers Cooperative Credit Union Limited consist of:

1. Ms. Theresa Mortimer – Chairman
2. Ms. Sophia Thompson
3. Ms. Theresa Deleveaux

The committee held two meetings to receive the nominations from the membership for the following vacancies:

Position	No. of Vacancies	
Board of Directors	3	i. Mts. Italia Seymour ii. Mr. Johnley Ferguson iii. Mrs. Geraldine Stevens
Supervisory Committee	2	i. Ms. Renee Meyers ii. Mr. Shavardo Gibson
Credit Committee	1	Mr. Patrick Smith

Notices to fill the vacancies were advertised from the 1st April thru 30th, 2020. Applications were received from the following persons:

Position	No. of Vacancies	
Board of Directors	3	i. Mrs. Italia Seymour ii. Mr. Graham McKinney iii. Mr. Dencil Kerr iv. Mr. Henry Campbell v. Mr. Gary Ingraham
Supervisory Committee	2	i. Ms. Latania Gray ii. Mr. Joel Lewis
Credit Committee	1	i. Ms. Shena Williams ii. Ms. Linda Duvalier - Evans

Order, there was great uncertainty as to when the Annual General Meeting would have been held as face-to-face meeting of more than 20 persons was prohibited. Hence the vetting process stalled and interviews with the applicants did not take place.

The Central Bank of The Bahamas in December mandated that all credit unions hold their 2020 Annual General Meetings Virtually. This is totally new to the movement. Be minded that nine (9) months of the new terms had expired.

The movement in its infinite wisdom and in fairness to all persons offering recommended the sitting committees request of the membership an extension of the terms for presently sitting committees and that new terms would commence in May with the 2021 Annual General Meeting. A resolution to this effect is before the membership for a decision. In the event that this fails, then a Special Annual General Meeting can be held virtually to conduct elections after proper vetting of the applicants.

22.2 Secretary Mrs. Cheryl Bowe-Moss advised that this AGM should have been held and we were now nine months into the new term. The Central Bank mandated all credit unions to hold an AGM by the end of December 2020.

23. RESOLUTION 4

RATIFICATION FOR EXTENSION OF TERMS

BE IT RESOLVED that all presently elected committees (Board of Directors, Supervisory, Credit and Nominations) remain in place until the 2020 AGM is held May 2021 given the delay in the AGM being held due to COVID 19 restrictions.

23.1 Resolution 4 passed by majority vote via online pole.

24. GREETINGS FROM THE BAHAMAS COOPERATIVE LEAGUE

Chairperson, Mrs. Sharon Rahming invited Mr. Bradley Sands, Assistant Treasurer of The Bahamas Cooperative League Limited was invited to bring greetings.

Mr. Bradley Sands gave greetings on behalf of the League Board, headed by Chairlady Ms. Theresa Deleveaux and management and staff. He extended congratulations to the Board, Committees, Management and Staff of Teachers and Salaried Workers Co-operative Credit Union on their 43rd AGM and for providing much needed financial services to its members.

The credit union was encouraged to continue to be a beacon of hope for its members and in providing stellar service and competitive rates on financial products while providing excellent customer service in these most difficult times. The credit union has shown great performance from inception to this present stage with its growth in assets.

We are in one of the most trying times the world has ever seen from credit unions in The Bahamas came into existence. Therefore, we must be creative as we seek to navigate through these perilous times. Loan sharks and other financial institutions are in hot pursuit of credit union members. Therefore, we must stay on the cutting edge of technology. If some have their way, they would seek to have credit unions close their doors.

Traditional financial institutions across this country are changing their strategies making themselves less accessible to their clients through increasing fees and decreasing physical locations, allowing the credit union movement a greater opportunity to empower our members and the country. The credit union

movement was encouraged to improve collaborations to increase the success we have over other financial institutions.

Teachers and Salaried Workers Credit Union encouraged to implement programs and initiatives to assist members in achieving their dreams. Thanks, and best wishes extended for all the support the credit union has given to the movement and for a productive and fruitful AGM and a blessed year.

25. VOTE OF THANKS

Chairperson Mrs. Sharon Rahming stated that as we are holding this virtual meeting for the first time, the management team must be praised for a very good job. The meeting had limited problems. She apologized to the members for any sound issues. Assistant Treasurer Mrs. Edna Ginton was invited to give the vote of thanks.

Assistant Treasurer Mrs. Edna Ginton extended thanks for all that had taken place with thanks to God for the opportunity, despite everything that would have happened with Covid19 and delays and that the AGM could not take place so persons could participate freely. Thanks to the staff, the IT Department, General Manager and the whole team who made a yeoman's effort to ensure we got to this point. Thanks to the Committee Members who showed up to respond and give answers to the members as they willing serve. Service is the first order of business for our team. Thanks to the Corporate Secretary and the former Corporate Secretary who made sure that everything was in place. Thanks to the members for signing up and participating in the virtual AGM.

26. ADJOURNMENT

26.1 Chairperson Mrs. Sharon Rahming thanked everyone and stated she hoped to see them at the next AGM in May, which will all take place virtually as a result of the pandemic. The meeting was adjourned at 11:20a.m.


Sharon Rahming
Chairperson


Cheryl Bowe-Moss
Secretary

MEMBERS IN ATTENDANCE ONLINE AT THE 43RD ANNUAL GENERAL MEETING

Members

Adderley, Otisheka
Adderley, Vernal
Albury, Margaret
Antoine, Christine
Bagot, William
Bain, Candice
Bain, Pedro
Bain, Samantha
Barnett, Merrell
Bascom, Faye
Bethel, Dominique
Bethel, Sandra
Brown, Alain
Bowe, E. J.
Bowe-Moss, Sophia S
Brown, Alfred
Butler, Dorothy
Butler, Wesley or Rosemary
Campbell, Doreth
Carey, James
Carey, Lorenza
Charlton, Nicole
Ci, Ethel
Clarke, Anita
Clarke, Antoinette
Clarke, Ashley
Clarke, Marisma
Collie, Elvis
Collie, Melveta
Collins, Kenicka
Cooper, Patrice
Cunningham, Welbourne
Daniel, Claudette
Davis, Tabatha
Dean, Natasha M
Delancy, Reginald
Deleveaux, Theresa
Deshommes, Carline
Dorsett, Anishka

Duncombe, Keffie Ann
Edwards, Carol
Edwards, Vincent
Ellis, Birtonya
Etienne, Jeridet
Evans, Brian M.
Evans, Linda
Ferguson, Albert S.
Ferguson, Cecil
Ferguson, Elaine
Ferguson, Queen Bernice
Ferguson, Yvette
Forbes, Jerome
Forde, Elonia
Fowler, Kirsten
Francis, Darren
Frere, Kesa
Gardiner, Shernell
Gibson, Alfreda
Gibson, Althea
Gibson, Anthony
Gibson, Nerissa
Gibson, Shavado
Glinton, Edna
Glinton, Karin
Green, Kristelle
Hairston, Thomas
Hall, Janet
Hall, Pamela
Hardeen, Gopaul
Hepburn, Elsie
Hinsey, Angela
Horton, Rozanna
Hutchinson, Anastina
Isaacs, Leslie
Joffre, Eddison
Johnson, Erica
Johnson, Willamae
Johnson-Neely, Ruthmae
Jones, Stephanie
Kajokaya, William
Kerr, Dencil
King, David
Knowles, Kerlisha

Knowles, Kim
Knowles, Lorraine
Knowles, Susanne
Lewis, Joel
Levarity, Tamasiane
Logronio, Roberto
Longsworth, Kerry
Mackey, Dr. Zelrona
Mackey, Everette
Mackey, Shantell
Major, Cheerese
Major, Major
Malcolm, Dwight
Marche, Hadassah
Mayers, Renee
McCartney, Marie
McIntosh, Tomás
Mckenzie, Roberta
Mckinney, Graham
Miller, Byron
Miller, Dhaska
Miller, Leanna
Minnis, Monique
Minus, Lashan
Mofa, Marjorie
Moore, Lynette
Moore, Predensa
Morley, Charo
Morris, Thandi
Mortimer, Lashan
Mortimer, Theresa
Moss, Alton
Moss, Cheryl
Moss, Jewel
Moxey, Corene
Munnings, Ancin
Munnings, Cherilyn
Munnings, Micolette
Newbold, Suzanne
Nicolls, Rosemarie
Nottage, Penelope
Pearson, Melisa
Pennerman, Margo
Percentie, Tonia

Pierre, Suzanne
Pinder, Hazon
Pinder, Latoya
Pinder, Tanya
Pratt, Caudray
Rahming, Sharon
Reid, Charlene A.
Rolle, Aliea
Rolle, Bonnie
Rolle, Cedricka
Rolle, Eleanor Forbes
Rolle, Kevin Joseph
Rolle, McDonald
Rolle, Patrinella
Saunders, Jill
Saunders, Olivia
Sears, Katria
Seymour, Antoinette
Seymour, Italia
Seymour, Keith
Smith, Bernadette
Smith, Dora
Smith, Michelle
Smith, Nadia
Smith, Sheila
Smith, Ulric & Michele
Smith, Zina
Stevens, Sherard
Stevens, Sherdine
Stevens, Sherman
Stevens, Shervette
Symonette, Donald
Symonette, Lexton
Symonette, Philendra
Symonette, Sharon
Taylor, Beverly
Taylor, J. Mark
Taylor, John
Thompson, Dellie
Thompson, Dominic M.
Thompson, Elbert
Thompson-Williams, Sophia
Urich, George Dave
Ward, Gawaine

White, Anastacia
Whymns, Jacqueline
Williams, Gailey
Williams, Giovanni
Williams, Shena M.
Wilson, Belinda
Wright, Liesl
Zonicle, Deborah
Zonicle, Marilyn T.

TOTAL MEMBERS | 174

External Auditors

Gomez, Paul
John Pinili

Bahamas Co-operative League Representative

Sands, Bradley

BOARD OF DIRECTORS REPORT

The year 2020 was a one for the history books. Emerging out of the shadows of a devastating hurricane season and the large-scale damage that Hurricane Dorian inflicted on The Northern Bahamas, to face a global pandemic, *the likes of which* the World had not experienced in a century.

Our **Abaco complex** was impacted by Hurricane Dorian, with our branch being closed for more than fifteen months. This came to an end in October 2020 when branch operations resumed. This move was enormous given that service to our members was reinstated well ahead of larger financial institutions that are still making efforts to return to the island.

Covid-19 brought significant fears, health scares and great economic uncertainty. With the shut down of airports and the nation's tourism engine and main source of revenue, many businesses were forced to lay off their employees, and in some instances cease operations altogether. Initial economic projections by the **IMF measuring the adverse impact of COVID-19 suggested a decline in Gross Domestic Product (GDP) of 8.3%, erasing all economic progress over the previous decade.**

Despite the uncertainty brought on by COVID-19, Teachers & Salaried Workers Co-operative Credit Union Limited remained open to its members, offering full service at a time when most financial institutions were closing branches and reducing service offering to its customers. The **Credit Union grew** by 1,005 new members, with 55% of this number comprising individuals below the age of forty. Management launched a new member campaign with a focus on attracting a greater number of persons in this age category. This focus will continue over the ensuing fiscal period, with a view to ensuring corporate continuity in a fast paced, quick changing financial services industry.

Management's strategies are all aimed at:

- Controlling operational and credit risk.
- Compliance with legislative and regulatory requirements and guidelines.
- Growing top line income and overall profitability.
- Meeting member needs through innovative financial solutions.
- Eliminating wastage and improving operational efficiencies.
- Improving member satisfaction and advocacy, and
- Fostering a work culture of high performance and employee accountability.

During the fiscal year, TSWCCUL **onboarded a new General Manager, Compliance Manager/MLRO, Chief Risk Manager, Credit Risk Manager and Mortgage Manager**. Over a period of several months, organization policies and procedures were reviewed, implemented, or updated to regularize all aspects of the Credit Union with risk and control standards. A newly implemented Intranet (Employee Information Centre) was launched and will keep these policies at the fingertips of all employees who can quickly search for policies and procedures by subject and key word descriptive. Management is making a concerted effort to reduce performance deficiencies by improving knowledge and competence across all employee groupings.

In June 2020, we launched our **Mega Campaign**, designed to empower members seeking mortgages, debt consolidations and new loan disbursements. Under this initiative, interest rates have been lowered to be more competitive and to encourage members to rely on the Credit Union for their personal financial needs. Additionally, we have attracted new members, and are now experiencing growth in our loan portfolio, effectively reversing declines in consumer and mortgage loans and subsequent growth in interest earnings.

With the onboarding of new members, Management was pleased to announce the launch of its **International Visa Debit Card**. With an attractive design and EMV chip-based innovation, the Debit Card product embodied the best technology in card plastic. The security features will afford members an extra level of protection that they expect. In addition, the Drive Thru ATM was commissioned, facilitating use by all international debit card users. This product will serve to attract potential new members to the Credit Union.

COVID-19 introduced social distancing protocols that limited the number of members admitted into our offices at any given time. The **health and safety of staff and members** remained paramount, with branches being deep cleaned and sanitized with stringent viricides, the installation of shields between Tellers and members, and the mandatory wearing of masks and proper and frequent sanitizing of hands. Undoubtedly, the pandemic has opened multiple doors of opportunity for the Credit Union to meet the needs of members that gave rise to improved convenience through virtual platforms for interviews and meetings.

As a result of COVID-19 protocols, the vital importance of **business continuity and operational risk** came to the forefront. The introduction of a robust Enterprise Risk Management (ERM) concept brought the Credit Union in line with regulatory requirements. The implementation of Risk Registers by department allowed for the identification and control of risks along lines of business, and an intense focus on mitigating these risks or managing them.

New accounts represents a risk to the Credit Union, and in response to that risk, Compliance and Money Laundering Policies and Guidelines were introduced. A robust account matrix was developed in line with local regulatory compliance standards. As a result, risk that the Credit Union onboards through the account opening process is actively measured and mitigated for good business relations.

Other significant milestones relative to innovations were achieved during the fiscal year, these include:

- ⇒ Launch of state-of-the art Online Banking Platform
- ⇒ Launch of Mobile Banking App.

Our journey toward enhanced technologies and innovative solutions continues. In November 2020, Management applied to the Central Bank of The Bahamas to become an authorized issuer of the new Bahamian digital currency, **Sand Dollar**. After a rigid self-assessment and system security examination, the Credit Union became one of three financial entities in The Bahamas to be licensed to issue the digital currency. Not only would this new method of exchanging currency expand the reach of the Credit Union to ALL islands within the Commonwealth of The Bahamas, but it also levels the playing field among financial institutions thereby empowering the Credit Union to compete for new members that, if given the opportunity to understand the power and purpose of a Credit Union, will migrate to our institution type that promotes financial partnership, respect, and care for the individual.

Through a compendium of new policies, the Credit Union's **Collections Department** has been positioned to play an important role in the institution's success. We are better positioned from a knowledge and skill standpoint to pursue delinquent members and recover the Credit Union's assets. Annualized targets have been established for the Collections department to achieve, with training, coaching and legal support provided to officers daily.

Minimizing member wait time through the implementation of cost-effective solutions remains an objective of the Management Team. Our **Express Deposit** was launched in August 2020 which allows members to save time by lodging deposits in a drop box for timely processing. The process is quick, safe, and effective. In addition, an order was placed in 2020 for the purchase of two (2) ATM wall units. These units are typically *built to order* and are delivered to the purchaser within six months. We expect to take custody of these machines by April 30, 2021, at which time the machines will be installed and put into active service for 24hrs service daily.

During the month of June, an **employee coaching methodology** was implemented for all levels of staff. All staff members are being actively coached by the department supervisor and/or manager who is responsible for guiding the employee to improved performance, holding their direct reports accountable and responsible for their individual performance, and to receive guidance that translates into improved skills and competence of the employee being coached.

Non-credit losses declined significantly in 2020. Management also launched a review of vendor contracts to ensure validity of contracts, costing structures and savings opportunities for the Credit Union. This was in keeping with Management's objective to manage cost and improve operational efficiencies.

Expanding awareness of the Credit Union and its concept of '**members helping members**' will continue to

be fog-horned across The Bahamas, with a view to reaching thousands of working- class Bahamians in anticipation of on-boarding new members that will contribute to the continued building and evolution of Teachers & Salaried Workers Co-operative Credit Union Limited.

Board of Directors

Sharon Rahming, Board Chairman

Italia Seymour, Vice Chairman

Theresa Deleveaux, Treasurer

Cheryl Bove-Moss, Secretary

Edna Ginton, Assistant Treasurer





TREASURER'S REPORT



It is an honor to present the Treasurer's report for the year ending December 31, 2020. Despite the depressed economy resulting from hurricane Dorian and COVID-19 added with the reduction in our loan portfolio, your Credit Union still remains liquid, solvent and financially strong.

Financial Condition

As at 31st December, 2020, Teachers and Salaried Workers Co-operative Credit Union assets totaled **\$220,271,298** a decrease of **\$4,160,004** or **-1.85%** compared with 31st December 2019 balance of **\$224,431,302**. Liabilities totaled **\$198,450,115** showing a decrease of **\$3,937,887** or **-1.95%** compared with December 2019 balance of **\$202,388,002**. Equity totaled **\$21,821,183** showing a decrease of **\$222,117** or **-1.01%** compared with December 2019 balance of **\$22,043,300**.

OPERATION

Income & Expenses:

For the year under review, the Credit Union's operational profit and loss statement showed total income of **\$13,243,042** and total expenses **\$13,618,292** resulting with a net loss of **\$375,250**. Total comprehensive income totaled **\$11,483** resulting with Total Comprehensive loss totaling **\$363,767**.

The break-down by branches are:-

Nassau - Income for the year ending 31st December 2020 totaled **\$9,640,071**. Expenses totaled **\$11,423,048**. The net loss totaled **\$1,782,977**. Profit on investment properties was **\$179,236**.

Grand Bahama - Income for the year ending 31st December 2020 totaled **\$2,311,741**, Expenses totaled **\$1,050,837**. The net Profit totaled **\$1,260,904**. Profit on investment properties was **\$9,158**.

Abaco - Income for the year ended 31st December 2020 totaled **\$1,291,230**, Expenses totaled **\$1,144,407**. The net profit totaled **\$146,823**. Profit on investment properties was **\$283,919**.

HIGHLIGHTED EXPENSES

Item	December 2020	December 2019	% Increase/ Decrease	Variance
Board & Committee Development & Travel	\$1,482	\$17,685	-91.62%	-\$16,203
Staff travel, training & Development	\$25,133	\$118,139	-78.73%	-\$93,006
Salaries	\$2,149,204	\$2,055,930	4.54%	\$93,274
Staff Benefits	\$539,805	\$507,605	6.34%	\$32,200
Members Education	\$2,661	\$4,323	-38.45%	-\$1,662
Board & Committees Out-of-pocket expense	\$47,980	\$62,020	-22.64%	-\$14,040
Board & Committee Meetings	\$2,214	\$5,589	-60.39%	-3,375
Loans Provision	\$5,199,892	\$5,569,611	-6.64%	-\$369,719
Bad Debt Investment Property	\$7,025	\$28,707	-75.53%	-\$21,682
Investment Property	\$1,422,800	\$1,562,221	-8.92%	-\$139,421
Advertising & Promotions	\$76,652	\$112,968	-32.15%	-\$36,316
Marketing	\$8,812	\$1,738	407.02%	\$7,074
Donation	\$1,850	\$14,188	-86.96%	-\$12,338
Vat Expenses	\$246,125	\$161,933	51.99%	\$84,192

INVESTMENT PROPERTIES ANALYSIS

Property	Income As At Dec. 2020	Provision	Expenses	Net Income / (Loss)	Rent Receivable
East Street Office Complex	\$459,207	\$0	\$343,436	\$115,771	\$225,499
TWD Highway Plaza	\$194,171	0	\$130,708	\$63,463	\$9,800
Freeport Plaza	\$212,745	(\$81,507)	\$203,585	\$9,160	\$114,187
Abaco Complex	\$1,036,015	(\$22,398)	\$752,096	\$283,919	\$56,860
Income/loss as at Dec. 31, 2020	\$1,902,138	(\$103,905)	\$1,429,825	\$472,313	\$406,346

As at 31st December, 2020 outstanding rent receivable from current tenants totaled **\$406,346** of which **\$103,905** is provided for. Board and Management has taken the necessary steps to collect outstanding rent inclusive of funds owed for accounts written-off for several past tenants through eviction and the court system.

STATUTORY RESERVE DEPOSIT

Statutory Reserve at the end of December 2020, was slightly above the required 10% of assets totaling \$23,142,529 (\$22,027,130) or 10.51% a favorable overage of \$1,115,399.

LIQUIDITY RESERVE DEPOSIT

Liquidity Reserves held with the League totaling \$20,452,129 (19,609,117) or 10.43% slightly above the required PEARLS ratio standard of 10% of total member deposits resulting with a favorable overage of \$843,012 as at December 31, 2020.

MEMBERS EQUITY

Total Equity stood at \$21,821,183 or 9.91% (9.88%) of total Assets (\$22,027,130); resulting with a shortfall of \$205,947 slightly below the 10% of total Assets require to pay dividends on Qualifying and Equity Shares.

DELINQUENCY

For the year ending December 31, 2020, 430 delinquent loans totaled \$16,332,494, of which loan loss provision totaling \$5,199,872 in accordance with PEARLS had to be provided for. Security held against delinquent loans totaled \$11,863,327 resulting in an exposure totaling \$4,469,165 to the credit union. Loans over 12 months remain the largest dollar amount category with 102 loans totaling \$18,661,999 representing 53.0% of total delinquent loans. Delinquent loans to total loans as at 31st December, 2020 stood at 19.5%, which is above the required PEARLS standard of 5%. Recoveries of bad debt during the year totaled \$201,527 and as at 31st December 2020 delinquent mortgages totaled \$9,971,005.

Even though the Collections Department aggressively pursued delinquent members by telephone calls, weekly pick-ups or through the courts, the credit union provisions for delinquent loans noted in the financials totaled **\$5,199,892** and **\$103,905** for Investment Properties for delinquent members at 31st December 2020.

The Board continues to monitor Management's collection efforts in accordance with policy and that all loans delinquent 365 days and over which have been deemed uncollectible in accordance with International Accounting Standards Management was mandated that portfolio is outsource to a collections agency. The Board also mandated foreclosures of delinquent properties, then to seek assistance of Real Estate Companies, placement of advertisements in newspapers and through the courts to ensure the recovery of the Credit Union's assets.

PEARLS RATIO ANALYSIS

As at December 31, 2020, all but two (2) of Credit Union's PEARLS ratios were below the required accounting standard. During 2021, every effort will be made by Board and Management to seek ways to bring deficiencies into compliance namely loans, delinquency and capital. If these deficiencies are not adequately addressed the Credit Union's bottom line will be affected. If we, the owners do not utilize the credit union's largest money-making element, being loans, but rather seek to do business with other financial institutions, we are only hurting ourselves. Therefore,

we must work as a team to grow the loans portfolio from 32.34% to 70-80%. This will not only bring the loans ratio in compliance with the required PEARLS standard but will also increase the Credit Union's bottom line.

Additionally, it should be noted that Members' Equity was slightly below 10% of total assets standing at **9.94%** there cannot be any payment of dividends on Qualifying and Equity Shares.

- Solvency 110.94 ($\geq 111\%$)*
- Net Loans 32.34% (70-80%)*
- Financial Investment 15.99% ($< 2\%$)*
- Non-financial Investments 9.07% (0%)*
- Savings Deposits 89.02% (70-80%)*
- Institutional Capital .62% ($\geq 10\%$)*
- Delinquency 5.37% ($\leq 5\%$)*
- Non-earning Assets 8.27% ($\leq 5\%$)*
- Net Income/Avg. Assets -0.17% (10%)*
- Statutory Reserves 7.26% ($> 10\%$)
- Liquidity Reserves 10.43% (10%)
- Capital Ratio 9.94% ($> 10\%$)

CONCLUSION

Although the Credit Union made a loss during 2020 resulting mainly from having to set aside provisions for every loan granted in accordance with International Financial Reporting Standard ("IFRS"). This totaled \$5,199,892 (see note 8(b) of Audit Report). Additionally, having to face an unforeseen pandemic, our credit union was able to pay each staff their full salary, grant tenants rental waivers and grant deferrals on loan payments for members with reduced incomes or loss of jobs. During 2021, Board and Management will endeavor to keep loan delinquency at a minimum and we ask each member to partner in achieving this goal, not only will it help to reduce provisions, but also to yield a more profitable bottom line.

As we go forward in 2021, I wish to remind members that we are the owners of Teachers and Salaried Workers Credit Union therefore, each should make it a priority to use the products and services offered. Members beware of banks coming after you with false pretense of lower interest but forgetting to mention its hidden fees therefore, we must be vigilant and not be tempted because profits made are used to meet members' needs and assist members to become financially sound.

Finally, I wish to extend thanks and appreciation to Management and staff especially the finance department for the assistance rendered for the past three years that I served as Treasurer. To my fellow Board and Committee Members, thank you for the confidence, cooperation and support shown over the past years. Last, but not least, my sincere appreciation and thanks to you, the membership, for the opportunity to serve this great institution. Without you, there would be no credit union.

On behalf of the Board, our profound thanks for your patronage over the years. May God continue to bless each of you.

Theresa D. Deleveaux

Theresa D. Deleveaux

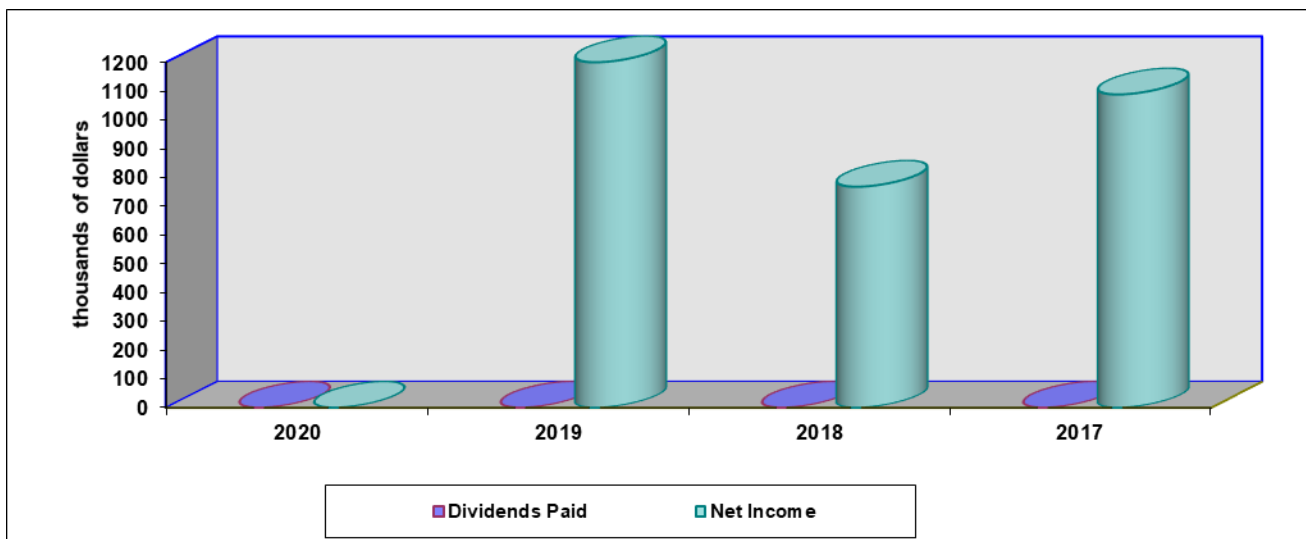
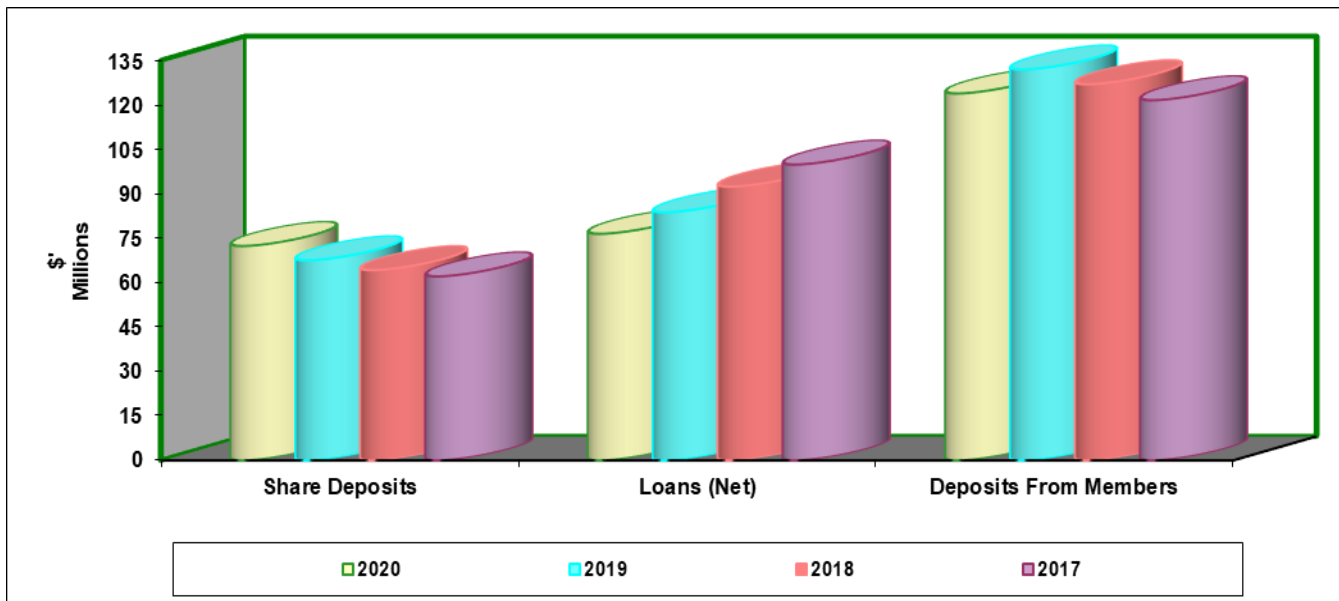
Treasurer

On behalf of The Board of Directors

KEY FINANCIAL DATA

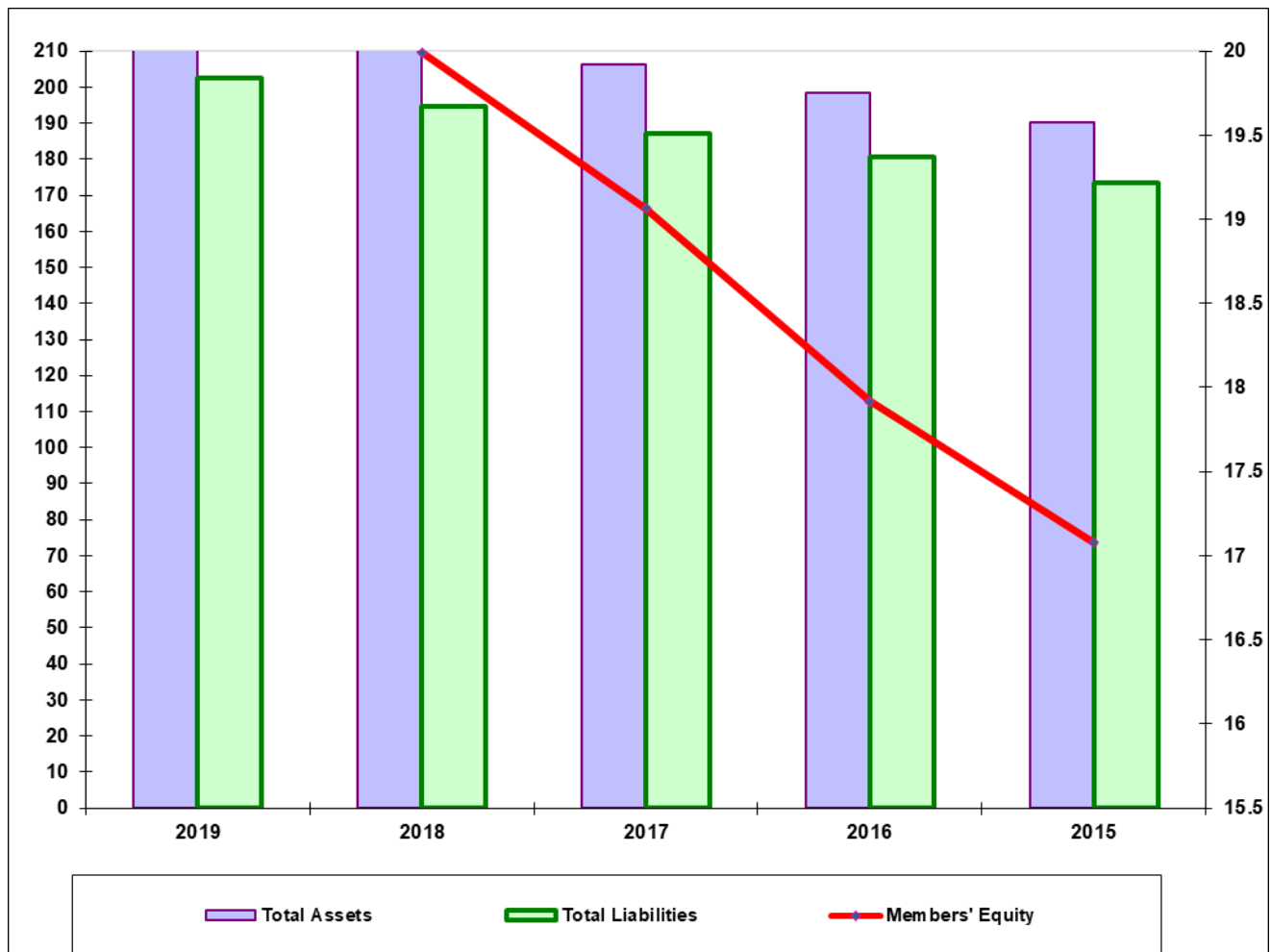
PAST FOUR YEARS

	2020	2019	2018	2017
Share Deposits	72,313,319	67,502,001	64,179,576	62,056,780
Loans (Net)	76,431,091	83,675,577	92,361,087	99,789,662
Deposits From Members	123,777,850	131,876,565	126,893,293	121,507,247



FOUR-YEAR FINANCIAL SUMMARY

	2020	2019	2018	2017	2016
Total assets	220,271,298	224,431,302	214,675,200	206,256,805	198,514,386
Total liabilities	198,450,115	202,388,002	194,683,302	187,190,721	180,597,109
Members' equity	21,821,183	22,043,300	19,991,898	19,066,084	17,917,277
Total revenue	13,948,517	13,966,883	14,515,098	14,051,512	13,744,785
Total expenses	14,323,767	11,648,559	13,747,483	12,963,334	12,603,300
Net (loss)/income	(375,250)	2,318,324	767,615	1,088,178	1,141,485
Dividends Paid	-	-	-	-	-



Audited Financial Statements

**TEACHERS AND SALARIED
WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

December 31, 2020

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Financial Statements

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of:

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Teachers and Salaried Workers Co-operative Credit Union Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive operations, statement of changes in members' equity and statement of 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 Credit Union as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial investments - \$35,196,888	
The risk	Our response
<p>The existence and valuation of the Credit Union's financial investments - comprising of listed equity and secondary market equity and debt securities, is a key driver of the Credit Union's members' equity and performance.</p> <p>The ownership, valuation and disclosure of investment securities are considered to be a key audit area due to the material financial impact of this asset class on the Credit Union's financial statements as disclosed in Note 11.</p>	<p>In this area, our audit procedures included obtaining position confirmations from the investment manager and / or custodians and comparing the Credit Union's valuations of the portfolio of investments to independent pricing sources.</p> <p>We also considered the adequacy of the Credit Union's disclosures in respect of the fair value hierarchy in Note 27.</p>

Baker Tilly Gomez trading as Baker Tilly is a member of the global network¹ of Baker Tilly International Ltd, the members of which are separate and independent legal entities

To the Members of:
TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Key Audit Matters (continued)

Provision for loan impairment and expected credit losses - \$4,671,520	
The risk	Our response
<p>The existence and valuation of the Credit Union's loan receivables, comprising on various loan type of services, is the key driver of the Credit Union's net asset value and performance.</p> <p>As disclosed in Note 8 to these financial statements, the Credit Union's loan receivables amounted to \$76.43 million and the related allowance for loan impairment and expected credit losses amounted to \$5.20 million as at December 31, 2020.</p> <p>Provision for loan impairment and expected credit losses during the year amounted to \$4,671,520.</p> <p>The ownership, valuation and disclosure of loan receivables are considered to be a key audit area due to the material financial impact of this asset class on the Credit Union's financial statements.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> • evaluated the competence, objectivity and independence of our internal experts; • tested the completeness and accuracy of the input data used in the impairment model calculations; • involved our internal experts to assess and review the: <ul style="list-style-type: none"> » methodology applied by the Credit Union in calculating the impairment provision to assess its consistency with the requirements of IFRS 9; » the "Expected Credit Loss ("ECL")" impairment model prepared by management which included testing the appropriateness and reasonableness of key assumptions and judgments used. • for balances determined to be individually impaired, we tested a sample to assess the reasonableness of management's estimated provisions; and • checked the appropriateness of the disclosures made in relation to the impairment of insurance and reinsurance receivables included in these financial statements.

Responsibilities of Management and 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Credit Union's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

To the Members of:

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report and Other Legal and Regulatory Requirements

In our opinion, the Credit Union, of which we are the auditors, has kept its accounting and other records in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015, the Regulations, and its Bye-Laws.

April 30, 2021

Nassau, The Bahamas



CHARTERED ACCOUNTANTS

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Financial Position
(Expressed in Bahamian dollars)

December 31, 2020

	Notes	2020 \$	2019 \$
ASSETS			
Cash and cash equivalents	5, 26	4,192,875	18,736,490
Time deposits with banks	6, 26	26,413,495	17,094,032
Deposits with the League	7, 18, 26	44,000,642	42,991,592
Loans receivable, net	8, 18, 26	76,431,091	83,675,577
Other assets	9, 26	7,375,800	5,257,527
Investment in the League	10, 18, 26	32,600	31,400
Financial investments	11, 26	35,196,888	27,769,914
Investment properties, net	12	19,985,519	21,742,657
Right-of-use asset	26, 28	16,270	31,288
Fixed assets, net	13	6,626,118	7,100,825
TOTAL ASSETS		220,271,298	224,431,302
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Members' regular deposits	14, 18, 26	72,313,319	67,502,001
Other deposits	15, 18, 26	123,777,850	131,876,565
Other liabilities	16, 26, 28	2,358,946	3,009,436
		198,450,115	202,388,002
MEMBERS' EQUITY			
Members' shares	17(i), 18	4,635,200	4,493,550
Statutory reserve	17(ii)	16,000,000	16,000,000
Fair value reserve	17(iii)	(188,265)	(199,748)
Retained earnings		1,374,248	1,749,498
		21,821,183	22,043,300
TOTAL LIABILITIES AND MEMBERS' EQUITY		220,271,298	224,431,302

COMMITMENTS AND CONTINGENCIES

23, 28

These financial statements were approved on behalf of the Board and authorized for issue on April 30, 2021, and signed on its behalf by:


Sharon Rahming
Chairman


Theresa Deleveaux
Treasurer

See accompanying notes. Independent Auditors' Report pages 1 through 3.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Statement of Comprehensive Operations
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	Notes	2020 \$	2019 \$
INTEREST INCOME			
Loans	18, 19	8,967,599	10,224,205
Investments	19	2,246,771	1,946,976
		11,214,370	12,171,181
INTEREST EXPENSE			
Members' regular shares and other deposits	18, 19	(2,563,257)	(3,258,531)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES AND RECOVERIES OF BAD DEBTS			
	19	8,651,113	8,912,650
Provision for loan impairment and expected credit losses	8(b)	(4,671,520)	(495,216)
Recoveries of bad debts	8(b)	201,527	207,794
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES AND RECOVERIES OF BAD DEBTS			
		4,181,120	8,625,228
NON-INTEREST INCOME (LOSS)			
Other income	20	1,556,359	747,810
Profits (losses) on rental properties	21	472,313	(543,036)
		2,028,672	204,774
Net interest and other income		6,209,792	8,830,002
OPERATING EXPENSES			
Personnel	18, 22	2,714,142	2,681,674
General business	22	1,281,436	1,040,453
Occupancy	22	1,060,984	1,076,000
Computer costs	22	852,059	938,533
Members' security	22	470,329	457,655
Organizational	18, 22	118,778	188,469
Marketing	22	87,314	128,894
		6,585,042	6,511,678
(LOSS) PROFIT FOR THE YEAR		(375,250)	2,318,324
OTHER COMPREHENSIVE OPERATIONS (OCI)			
Net change in unrealized gain on financial assets at fair value through OCI (FVTOCI)	17(iii)	11,483	420,665
TOTAL COMPREHENSIVE (LOSS) INCOME		(363,767)	2,738,989

See accompanying notes. Independent Auditors' Report pages 1 through 3.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Changes in Members' Equity
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	Notes	Members' Shares \$	Statutory Reserve \$	Surplus Loan Reserve \$	Fair Value Reserve \$	Retained Earnings \$	Total \$
Balances as at December 31, 2018		4,458,200	13,875,000	511,963	(620,413)	1,767,148	19,991,898
Effect on change in accounting policy from adoption of IFRS 9		-	-	(511,963)	-	(210,974)	(722,937)
Balances as at January 1, 2019		4,458,200	13,875,000	-	(620,413)	1,556,174	19,268,961
Comprehensive operations for the year							
Profit for the year		-	-	-	-	2,318,324	2,318,324
Net change in unrealized gain on financial assets at FVTOCI	17(iii)	-	-	-	420,665	-	420,665
Total comprehensive operations for the year	-	-	-	-	420,665	2,318,324	2,738,989
Transactions with members							
Shares issued during the year	17(i)	161,400	-	-	-	-	161,400
Shares redeemed during the year	17(i)	(126,050)	-	-	-	-	(126,050)
Total transactions with members		35,350	-	-	-	-	35,350
Statutory reserve allocation during the year	17(ii)	-	2,125,000	-	-	(2,125,000)	-
Balances as at December 31, 2019		4,493,550	16,000,000	-	(199,748)	1,749,498	22,043,300
Comprehensive loss for the year							
Loss for the year		-	-	-	-	(375,250)	(375,250)
Net change in unrealized gain on financial assets at FVTOCI	17 (iii)	-	-	-	11,483	-	11,483
Total comprehensive loss for the year		-	-	-	11,483	(375,250)	(363,767)
Transactions with members							
Shares issued during the year	17 (i)	324,400	-	-	-	-	324,400
Shares redeemed during the year	17 (i)	(182,750)	-	-	-	-	(182,750)
Total transactions with members		141,650	-	-	-	-	141,650
Balances as at December 31, 2020		4,635,200	16,000,000	-	(188,265)	1,374,248	21,821,183

See accompanying notes. Independent Auditors' Report pages 1 through 3.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Statement of Cash Flows
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities:			
(Loss) profit for the year		(375,250)	2,318,324
Adjustments for:			
Effect of change in accounting policy - IFRS 9		-	(210,974)
Depreciation and amortization	12, 13, 28	1,276,972	1,368,214
Interest income	19	(11,214,370)	(12,171,181)
Dividend income	20	(120,864)	(117,745)
Interest expense on members' regular shares and deposits	19	2,563,257	3,258,531
Provision for loan impairment and expected credit losses	8	4,671,520	495,216
(Reversal of) provision for rent receivable losses	9	(10,671)	27,026
Gain on disposal of investment property	12	(724,350)	-
Loss on disposal of fixed assets	13	-	203
		(3,933,756)	(5,032,386)
Changes in operating assets and liabilities:			
Interest received		9,320,976	11,441,336
Interest paid		(3,117,938)	(3,995,237)
Net decrease in loans to members		2,877,353	7,613,779
(Increase) decrease in other assets		(2,107,602)	60,977
Increase in members' regular deposits		4,811,318	3,322,425
(Decrease) increase in other deposits		(8,098,715)	4,983,272
(Decrease) increase in other liabilities		(95,809)	90,655
Net cash (used in) provided by operating activities		(344,173)	18,484,821
Cash flows from investing activities:			
Dividends received		120,864	117,745
Increase in deposits with the League		(385,000)	(935,000)
Increase in time deposits		(9,319,463)	(14,353,299)
(Increase) decrease in financial investments		(6,450,534)	891,788
Subscriptions of shares in the League during the year	10	(1,200)	(1,200)
Purchase of fixed assets during the year	13	(107,774)	(255,749)
Purchase of investment properties during the year	12	(147,985)	(14,122)
Net proceeds from disposal of investment property	12	1,950,000	-
Net cash used in investing activities		(14,341,092)	(14,549,837)
Cash flows from financing activity:			
Shares issued during the year	17	324,400	161,400
Shares redeemed during the year	17	(182,750)	(126,050)
Net cash provided by financing activity		141,650	35,350
Net (decrease) increase in cash and cash equivalents		(14,543,615)	3,970,334
Cash and cash equivalents, beginning of year		18,736,490	14,766,156
CASH AND CASH EQUIVALENTS, END OF YEAR		4,192,875	18,736,490

See accompanying notes. Independent Auditors' Report pages 1 through 3.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

1. GENERAL INFORMATION

Teachers and Salaried Workers Co-operative Credit Union Limited (“the Credit Union”) was established in 1977 under the laws of the Commonwealth of The Bahamas. The Credit Union is registered under the provisions of the Bahamas Co-operative Credit Unions Act, 2015 (previously under the Co-operative Societies Act, 2005) (“the Act”). The Credit Union provides a full range of services including the acceptance of deposits and granting of loans. The Credit Union operates from 3 locations: New Providence, Grand Bahama and Abaco.

The principal objectives of the Credit Union are as follows:

- a) To promote thrift among its members by affording them an opportunity to accumulate their savings;
- b) To create for its members, a source of credit for provident or productive purposes at a reasonable rate of interest; and
- c) To provide the opportunity for members to use and control their money for their mutual benefit in accordance with co-operative principles.

The registered office of the Credit Union is located at East Street South and Independence Drive, Nassau, The Bahamas, which is also the location of the Head Office.

The Credit Union is a member of The Bahamas Co-operative League Limited (“the League”).

During the year, as a result of the destruction caused by Hurricane Dorian in 2019, the Credit Union saw an increase in loan delinquencies, tenants of the Credit Union properties were unable to pay the monthly rental fees, and the Abaco Branch closure led to the displacement of staff. Members seeking to pay for the monthly loan premiums were forced to travel to either New Providence or Grand Bahama.

On March 11, 2020, the World Health Organization made an assessment that the outbreak of the Novel Coronavirus (COVID-19) should be characterized as a pandemic. As a result, businesses have subsequently seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities have resulted. The situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Also, due to the COVID-19 government mandated restrictions, the Credit Union’s offices were temporarily closed for certain periods during the year. The extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorization of these financial statements. Nevertheless, these developments may directly or indirectly impact the future financial results, cash flows, and financial position of the Credit Union.

2. LAWS AND REGULATIONS

In 2015, the Bahamas Co-operative Credit Unions Act, 2015 and the Bahamas Co-operative Credit Unions Regulations, 2015 came into effect. The Act transferred the regulation of credit unions in the Bahamas to The Central Bank of The Bahamas.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

2. LAWS AND REGULATIONS (continued)

When this regulatory framework affects these financial statements, the effects are disclosed in the financial statements and the relevant notes:

- a) Section 65(1) of the Bahamas Co-operative Credit Unions Act, 2015 states that “*where a co-operative credit union realizes an annual surplus from its transactions, that co-operative credit union shall establish and maintain a statutory reserve fund as may be prescribed by regulations*”.
- b) Section 122 of the Bahamas Co-operative Credit Unions Act, 2015 exempts the Credit Union from stamp duty relating to the execution of documents in the Bahamas, including loans granted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

- a) **Statement of compliance** – The Credit Union’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).
- b) **Basis of preparation** – These financial statements have been prepared under the historical cost convention except for financial assets at fair value through OCI.
- c) **Changes in accounting policies and disclosures**
 - i) New standards issued & effective or adopted:

Some accounting pronouncements which have become effective from January 1, 2020 and have therefore been adopted do not have a significant impact on the Credit Unions financial results or position.

Other Standards and amendments that are effective for annual periods beginning on or after January 1, 2020

- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Amendments to References to the Conceptual Framework (Various Standards); and
- COVID-19 Rent Related Concessions (Amendments to IFRS 16).

These amendments do not have a significant impact on these financial statements of the Credit Union, therefore the disclosures have not been made.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Changes in accounting policies and disclosures (continued)*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Credit Union

At the date of authorization of these consolidated financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Credit Union. Information on those expected to be relevant to the Credit Union's consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments that are not yet effective and have not yet been adopted by the Credit Union are as follows:

- IFRS 17 *Insurance Contracts*;
- Amendments to IFRS 17, *Insurance Contracts* (Amendments to IFRS 17 and IFRS 4);
- References to the Conceptual Framework;
- Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made..

- d) **Head office-branch accounting** – The financial statements include the accounts of the Credit Union's Head Office in New Providence and the two branches in Grand Bahama and Abaco. All balances and transactions between the Head Office and the branches have been eliminated.

e) **Foreign currency translation**

Functional and presentation currency

Items included in the financial statements of the Credit Union are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Bahamian dollars, which is the Credit Union's functional and reporting currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary and non-monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive operations.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- f) **Cash and cash equivalents** - Cash and cash equivalents are carried in the statement of financial position at amortized cost using the effective interest method. Cash and cash equivalents comprise cash on hand and at banks, and fixed deposits with original maturities of 90 days or less.
- g) **Time deposits with banks** - Time deposits with banks represent deposits at banks with original maturities of more than 180 days. These deposits are recognized in the statement of financial position at amortized cost using the effective interest method.
- h) **Deposits with the League** - Deposits with the League represent the proceeds of the statutory reserves fund and the liquidity reserve fund, which are deposited with and administered by the League, as required by the Act. Other deposits are also held at the League. These deposits are carried at amortized cost using the effective interest method in the statement of financial position.
- i) **Other assets** – Other assets, which include refundable deposits, prepaid expenses, interest receivable and other receivables, are carried at cost in the statement of financial position, net of allowance for impairment, due to their short-term nature.
- j) **Non-performing financial assets** – All loans to members on which principal or interest payments are overdue in excess of thirty (30) days are classified by management as non-performing and monitored closely for impairment.
- k) **Offsetting financial instruments** – Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.
- l) **Financial instruments** – A financial instrument is any contract that gives rise to both a financial asset of one enterprise and financial liability or equity of another enterprise.

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Credit Union becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) *Financial instruments (continued)*

Classification and initial measurement of financial assets (continued)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive operations (FVTOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognized in profit or loss are presented within net interest and other income and provision for loan impairment and expected credit losses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

As at December 31, 2020, the Credit Union's cash and cash equivalents, time deposits with banks, deposits with the League, loans receivable, other assets and financial investments in debt securities fall into this category.

Financial assets at fair value through other comprehensive operations (FVTOCI)

The Credit Union accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) *Financial instruments (continued)*

Subsequent measurement of financial assets (continued)

Financial assets at fair value through other comprehensive operations (FVTOCI) (continued)

Any gains or losses recognized in other comprehensive operations (OCI) will be recycled upon derecognition of the asset.

As at December 31, 2020, the Credit Union's financial investments in equity securities and investment in the League are classified as financial assets at FVTOCI.

Classification and subsequent measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Credit Unions' financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Credit Union designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive operations are included within "interest income" or "interest expense".

The Credit Union's financial liabilities include members' regular deposits, other deposits and other liabilities which are measured at amortized cost using the effective interest rate method. Discounting, however, is omitted where the effect of discounting is immaterial.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses - the "expected credit loss (ECL) model". This replaces IAS 39's "incurred loss model". Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVTOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) *Financial instruments (continued)*

Impairment of financial assets (continued)

Recognition of credit losses is no longer dependent on the Credit Union first identifying a credit loss event. Instead the Credit Union considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

To comply with IFRS 9, the Credit Union have estimated forward-looking losses for all outstanding loans. How the losses are estimated depends upon the performance of the loan. Three stages were recognized as shown below.

Stage 1: Performing loans - 12-month loss forecast;

Stage 2: Significantly increased risk and not low risk - Lifetime loss forecast; and

Stage 3: Impaired loans - Lifetime loss forecast.

The model structure follows a Basel II approach (Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD)) with the addition of probability of attrition (PA) to facilitate lifetime loss forecasting. Considering both PD and PA provides a competing risks approach necessary for accurate long-range forecasting.

The models are estimated in stages: vintage decomposition, macroeconomic correlations, and loan-level discrete time survival modeling. Each stage provides necessary inputs to the next.

Vintage decomposition is performed with an Age-Period-Cohort (APC) algorithm. The APC algorithm provides three decomposition components: (1) a lifecycle function versus the age of the account, (2) a vintage function versus loan origination date quantifying unique risk scaling by vintage, and (3) an environment function versus calendar date that captures systematic affects across all accounts on a given date, most commonly macroeconomic drivers. The APC algorithm produces these estimates nonparametrically, so it does not explain what changes in underwriting might drive changes in the vintage function or what macroeconomic changes may cause the observed movements in the environment function. To provide explanation, additional modeling is done.

In a second phase, a model is built to represent the environmental component as a function of factors such as macroeconomic indicators like house prices and unemployment. Similarly, to explain how shifts in underwriting affect the vintage function, a multihorizon survival model (MSM) is created with the APC lifecycle and environment as inputs alongside origination or behavioral scoring factors. The coefficients of the MSM are also functions of forecast horizon to capture the changing value of the information with time.

To create forecasts, macroeconomic scenarios are used to extend the environment function. This future estimate of the environment function is combined with lifecycle and credit quality for a given account in order to create forecasts.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) *Financial instruments (continued)*

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operations.

Fair value measurement hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Credit Union's financial assets at FVTPL are classified within Level 1 and 2 (see Note 27).

- m) **Provisions** – Provisions for restructuring costs and legal claims are recognized when the Credit Union 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.
- n) **Related parties** – Related parties represent entities or individuals who can exercise significant influence or control over the operations and policies of the Credit Union. In these financial statements, current and past members of the Board of Directors, committee members (one year past), management staff and their close relatives are classified as related parties.

The Credit Union is a member of the League and has a representative on the Board of Directors. Accordingly, the League is considered a related party in these financial statements.

All related party balances and transactions are shown as such in these financial statements (see Note 18).

- o) **Investment properties** – Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Credit Union, are classified as investment properties. Investment properties comprise office buildings leased out under operating lease agreements and land which is held for capital appreciation.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) *Investment properties (continued)*

Some properties may be partially occupied by the Credit Union, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Credit Union can be sold separately, the Credit Union accounts for the portions separately. The portion that is owner-occupied is accounted for as property, plant and equipment under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40.

When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Credit Union considers the owner-occupied portion as insignificant when the property is more than 5% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Credit Union uses the size of the property measured in square feet.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

After initial recognition, the Credit Union has elected to account for investment property at cost, measuring the investment property at its initial recognition value, less accumulated depreciation and impairment losses, if any. Every three (3) years, independent appraisers determine the fair value of all investment properties.

Land is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate their cost over 40 years.

p) *Right-of-use of asset and leases*

Credit Union as a lessee

Measurement and recognition of leases as a lessee

At lease commencement date, the Credit Union recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Credit Union, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Credit Union depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Credit Union also assesses the right-of-use asset for impairment when such indicators exist.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) *Right-of-use of asset and leases (continued)*

Credit Union as a lessee (continued)

Measurement and recognition of leases as a lessee (continued)

At the commencement date, the Credit Union measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Credit Union's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Credit Union has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets are presented as a separate line item and lease liability have been included in other liabilities (see Note 16).

The Credit Union as a lessor

The Credit Union's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor, the Credit Union classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

q) ***Fixed assets, net*** - Fixed assets are carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributed to the acquisition of an item.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of comprehensive operations during the financial period in which they are incurred.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) *Fixed assets, net (continued)*

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate costs over the estimated useful lives as follows:

Buildings	-	40 years
Building improvements	-	5 years
Furniture and fixtures	-	5 years
Computer system and equipment	-	5 years
Motor vehicles	-	4 years

The asset's useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized within other income in the statement of comprehensive operations.

- r) **Members' regular deposits** - Members' regular deposits represent the deposit holdings of the Credit Union's members, to satisfy membership requirements and facilitate eligibility for loans and other benefits. These deposits earn interest on the first day of the month following such deposits, provided that the amounts paid in on the first day of any month shall earn interest from that day. The rate of interest payable on members' regular deposits is recommended by the Board of Directors through a resolution to the general membership, and voted on by the members at the annual general meetings.
- s) **Other deposits** - Other deposits represent term and other deposits, savings accounts and retirement accounts, which are held by members and non-members of the Credit Union. These deposits, if interest bearing, bear interest at rates that are also set by the Board of Directors, but do not require the approval of the general membership at the annual general meetings.
- t) **Members' shares** - Members' shares consist of qualifying and investment equity shares held by the Credit Union's members, to satisfy membership requirements. These shares are classified as equity in the statement of financial position.

Qualifying shares

Qualifying shares are shares required to become a member of the Credit Union as described in the Credit Union's Bye-Laws. Each member of the Credit Union is required to own a minimum of 1 qualifying share with a par value of \$50 each (2019: 1 share at \$50 each). These shares entitle each member to 1 vote at the annual general meetings.

Equity shares

Equity shares are investment shares issued to members of the Credit Union. Each member is required to hold a minimum of 4 equity shares with a par value of \$50 per share. These shares can be redeemed upon account closure.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- u) **Statutory reserve** – This reserve is set up in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015 set out in Note 2(a) to the financial statements. The proceeds of this reserve are deposited with the League, and are not available for distribution.
- v) **Fair valuation reserve** – This represents the accumulated unrealized gains and losses arising on changes in the fair value of financial assets at FVTOCI.
- w) **Retained earnings** – Retained earnings represent the undistributed surplus after statutory appropriations and dividends.
- x) **Dividends declaration** – Section 33 (2)(b) of The Bahamas Co-operative Credit Union Act, 2015, states that the Credit Union “shall not pay a dividend or make any payment to an account or out of its surplus unless the requirements under section 65 (2)(b) have been complied with”, (see Note 25).
- y) **Interest income and expense recognition** – Interest income and expense are recognized in the statement of comprehensive operations for all instruments measured at amortized cost using the effective interest method. Loan origination fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loans. Loan interest income is not recognized on loans that are past due for periods exceeding 90 days.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- z) **Fees and other income** – Fees and other income are recognized on the accrual basis. Performance linked fees or fee components are recognized when the performance criteria are fulfilled.
- aa) **Operating expenses** – Operating expenses are recognized on the accrual basis in the statement of comprehensive operations.
- bb) **League dues and stabilization fees** – The League has fixed its dues at \$12 annually per member, while stabilization fees are set at \$3 annually per member.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- cc) **Employee benefits** – The Credit Union’s employees participate in a defined contribution pension plan, administered by an external party. A defined contribution pension plan is a pension plan under which the Credit Union pays fixed contributions into a separate entity.

The Credit Union has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Credit Union’s contributions are recognized as employee benefits expense in the statement of comprehensive operations when they are due.

- dd) **Taxation** - Under the current system of taxation in The Bahamas, the Credit Union is exempt from paying income taxes. Value Added Tax (“VAT”) was introduced in the Commonwealth of The Bahamas in January 1, 2015 as part of a broader reform of the tax system. The broad based consumption tax is applied to almost all goods and services that are imported, bought and sold for use in The Bahamas. Effective July 1, 2018, the standard VAT rate was increased from 7.5% to 12%. The Credit Union’s fees and other income are subject to the standard VAT rate while its interest income are exempt from output VAT. The Credit Union has registered with the Ministry of Finance and is a VAT registrant with a VAT Certificate and Tax Identification Number (100317642). The Credit Union is obligated to comply with the VAT Bill and Associated Regulations.

- ee) **Post-reporting date events** - Post-reporting date events that provide additional information about the Credit Union’s position at the reporting date (adjusting event) are reflected in the financial statements. Post-reporting date events that are not adjusting events, if any, are disclosed when material to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and contingent assets and contingent liabilities at the statement of financial position date and the income and expenses for the year then ended. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Operating lease commitments – Credit Union as a lessee

For any new contracts entered into on or after January 1, 2019, the Credit Union considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Operating lease commitments – Credit Union as a lessee (continued)

To apply this definition the Credit Union assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Credit Union;
- the Credit Union has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; or
- the Credit Union has the right to direct the use of the identified asset throughout the period of use. The Credit Union assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

The Credit Union has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in the statement of comprehensive operations on a straight-line basis over the lease term.

During the year, the Credit Union identified its contract with a service provider as a lease contract under IFRS 16 (see Note 28).

Operating lease commitments – Credit Union as a lessor

The Credit Union also earns rental income from operating leases of its investment properties (see Note 21). Rental income is recognized on a straight-line basis over the term of the lease.

Estimates

Estimation of provisions for loan impairment and expected credit losses (ECLs) on loans receivable

The Credit Union uses a provision matrix to calculate ECLs for receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance, as applicable).

The provision matrix is initially based on the Credit Union’s historical observed default rates. The Credit Union will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to change in circumstances and of forecast economic conditions. The Credit Union’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Credit Union’s accounts receivable and contract assets is disclosed in Note 8.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Estimates (continued)

Estimation of provisions for loan impairment and expected credit losses (ECLs) on loans receivable (continued)

Provision for loan impairment and expected credit losses incurred during the year amounted to \$4,671,520 (2019: \$495,216). The carrying values of the Credit Union's receivables, net of allowance for loan impairment and expected credit losses as at December 31, 2020 amounted to \$76,431,091 (2019: \$83,675,577).

Estimation of useful lives of fixed assets and right-of-use assets

Useful lives of fixed assets and intangible assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Useful lives of fixed assets and intangible assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Any reduction in the estimated useful lives of fixed assets and intangible assets would increase the Credit Union's recorded operating expenses and decrease the assets.

Net carrying values of fixed assets amounted to \$6,626,118 as at December 31, 2020 (2019: \$7,100,825).

Net carrying values of right-of-use assets amounted to \$16,270 as at December 31, 2020 (2019: \$31,288).

Legal proceedings and claims

The Credit Union is involved, as a plaintiff, in a number of legal proceedings relative to outstanding loans. The Credit Union evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Credit Union to adjust the amount that it provides or accrues for any matter.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Interest Rate (%)	2020 \$	2019 \$
Teller cash floats, ATM cash and vault holdings	-	1,435,767	972,756
FirstCaribbean International Bank (Bahamas) Limited	0.05	160,831	15,035,356
Fidelity Bank Bahamas Limited - Savings account	1.25	347,847	1,067,911
Fidelity Bank Bahamas Limited - Settlement accounts	-	170,239	90,696
Royal Fidelity - Cash account	-	2,032,213	1,496,556
Bank of The Bahamas Limited - Current account	-	45,978	73,215
Cash on hand and at banks		4,192,875	18,736,490

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

5. CASH AND CASH EQUIVALENTS (continued)

The Credit Union has a credit facility with its Banker, FirstCaribbean International Bank (Bahamas) Limited:

- Customs bond in the amount of \$5,000.

The credit facility is fully secured by time deposits (see Note 6).

6. TIME DEPOSITS WITH BANKS

Time deposits with banks, which have original maturities of six (6) months to one (1) year, are as follows:

	Interest Rate %	2020 \$	2019 \$
Fidelity Bank Bahamas Limited	2.00	17,914,046	13,640,508
FirstCaribbean International Bank (Bahamas) Limited - Nassau	1.25 - 1.50	3,491,335	3,445,451
FirstCaribbean International Bank (Bahamas) Limited - Freeport (i)	0.50	8,114	8,073
Bank of Bahamas	2.50	5,000,000	-
Time deposits with banks in the statement of financial position		26,413,495	17,094,032
Pledged as security (i)		(5,000)	(5,000)
		26,408,495	17,089,032

i) The time deposit with FirstCaribbean International Bank (Bahamas) Limited is hypothecated for the credit facility in Note 5.

ii) Total interest income earned during the year amounted to \$409,494 (2019: \$244,591).

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

7. DEPOSITS WITH THE LEAGUE

Deposits with the League are comprised of the following:

	Interest Rate %	2020 \$	2019 \$
Statutory reserve deposits (i)			
	1.44-1.46		
Balance, beginning of year		22,573,950	21,761,256
Additional deposits during the year		240,000	495,000
Interest earned during the year (Note 19)		328,579	317,694
Balance, end of year		23,142,529	22,573,950
Liquidity reserve deposits (ii)			
	1.44-1.46		
Balance, beginning of year		20,015,698	19,293,064
Additional deposits during the year		145,000	440,000
Interest earned during the year (Note 19)		291,431	282,634
Balance, end of year		20,452,129	20,015,698
Other deposits (iii)			
	1.00		
Balance, beginning of year		401,944	397,958
Interest earned during the year (Note 19)		4,040	3,986
Balance, end of year		405,984	401,944
		44,000,642	42,991,592

Total interest income earned during the year amounted to \$624,050 (2019: \$604,314).

i) **Statutory Reserve** - There is a surplus in statutory reserves held with the League as follows:

	2020 \$	2019 \$
Statutory deposits with the League	23,142,529	22,573,950
Requirement (10% of total assets)	(22,027,130)	(22,443,130)
Surplus in statutory reserve deposits	1,115,399	130,820

ii) **Liquidity Reserve** - The Act stipulates that not less than 10% of members' deposits are kept in a "liquidity reserve fund". At the reporting date, there was a surplus in the liquidity reserve fund as follows:

	2020 \$	2019 \$
Liquidity reserve deposits with the League	20,452,129	20,015,698
Requirement (10% of members' deposits)	(19,609,117)	(19,937,857)
Surplus in liquidity reserve deposits	843,012	77,841

iii) Other deposit held with the League matures on April 14, 2021 (2019: April 14, 2020).

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Notes to Financial Statements

December 31, 2020

8. LOANS RECEIVABLE, net

a) Loans receivable, net are as follows:

	Interest Rate %	2020 \$	2019 \$
Consumer	8.25 - 11.75	43,836,731	53,212,950
Real estate mortgages	4.75 - 8.25	35,866,063	34,167,687
Chattel mortgages	11.75	1,963,469	2,211,196
Business	11.75	1,522,618	1,790,053
		83,188,881	91,381,886
Accrued interest		617,470	313,083
		83,806,351	91,694,969
Less: Deferred loan service fees		(2,175,368)	(2,449,781)
Less: Allowance for loan impairment and expected credit losses		(5,199,892)	(5,569,611)
		76,431,091	83,675,577

At December 31, 2020, non-performing loans on which interest accrual is suspended totaled \$8,661,999 (2019: \$10,756,867).

The Credit Union has liens on the share deposits of all members with outstanding loans and credit card balances.

b) The movement in the allowance for loan impairment and expected credit losses is as follows:

	2020 \$	2019 \$
Balance as at the beginning of the year, as previously reported	5,569,611	5,116,493
Effect of change in accounting policy on adoption of IFRS 9	-	722,937
Adjusted balance as at the beginning of the year	5,569,611	5,839,430
Provision for the year	4,671,520	495,216
Loans written off	(5,041,239)	(765,035)
Allowance, end of year (Note 8(a))	5,199,892	5,569,611

Recoveries of bad debts during the year amounted to \$201,527 (2019: \$207,794).

c) Delinquent loans:

The following is a summary of delinquent loans and its credit exposure:

Period in arrears	As at December 31, 2020			
	Number of accounts in arrears	Total delinquent loans \$	Value of security \$	Credit Exposure \$
Within 1 month	2	33,846	4,425	29,420
2 to 3 months	152	3,347,942	1,485,537	1,862,404
4 to 6 months	78	1,879,162	1,248,379	630,783
7 to 12 months	96	2,409,545	1,674,364	735,181
Over 1 year	102	8,661,999	7,450,622	1,211,377
	430	16,332,494	11,863,327	4,469,165

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
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December 31, 2020

8. LOANS RECEIVABLE, net (continued)

c) Delinquent loans: (continued)

Period in arrears	As at December 31, 2019			
	Number of accounts in arrears	Total delinquent loans \$	Value of security \$	Credit Exposure \$
Within 1 month	-	-	-	-
2 to 3 months	64	1,086,953	596,199	490,754
4 to 6 months	53	541,391	217,756	323,635
7 to 12 months	141	2,992,392	1,435,546	1,556,846
Over 1 year	444	10,756,867	6,232,261	4,524,606
	702	\$15,377,603	\$8,481,762	\$6,895,841

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
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December 31, 2020

8. LOANS RECEIVABLE, net (continued)

d) Analysis of the loan loss provision and the provision rate based on loans outstanding balance:

The following is an analysis of the summary of expected credit losses (ECL) and their respective calculated provision rates based on all outstanding loans by segment:

As at December 31, 2020						
Segment	Total outstanding balance \$	Stage 1 ECL \$	Stage 2 ECL \$	Stage 3 ECL \$	Total allowance for expected credit losses \$	Loan loss rate %
Auto	1,928,772	57,902	22,158	6,350	86,410	4%
Commercial and Industrial Line	869,213	526	-	6,333	6,859	1%
Commercial and Industrial Loan	2,116,743	71	-	71,336	71,408	3%
Consumer Line	20,737,649	1,178,313	582,899	130,477	1,891,689	9%
Consumer Loan	21,043,998	1,011,874	999,833	230,207	2,241,913	11%
Commercial Real Estate	27,319,257	3,883	4,599	593,884	602,366	2%
Residential Real Estate	8,620,906	148	1,092	298,007	299,247	3%
	82,636,538	2,252,717	1,610,581	1,336,594	5,199,892	

As at December 31, 2019						
Segment	Total outstanding balance \$	Stage 1 ECL \$	Stage 2 ECL \$	Stage 3 ECL \$	Total allowance for expected credit losses \$	Loan loss rate %
Auto	2,188,710	9,098	2,203	58,921	70,222	3%
Commercial and Industrial Line	750,568	625	-	6,333	6,958	1%
Commercial and Industrial Loan	2,746,491	4,073	2,514	54,359	60,946	2%
Consumer Line	34,103,371	593,406	65,464	2,704,391	3,363,261	10%
Consumer Loan	15,411,863	181,835	213,131	885,989	1,280,955	8%
Commercial Real Estate	25,879,465	792	8,098	593,945	602,835	2%
Residential Real Estate	7,860,701	11,988	201	172,245	184,434	2%
	88,941,169	801,817	291,611	4,476,183	5,569,611	

e) Concentration of loans:

At December 31, 2020, there was one (1) member loan (2019: one (1)) totaling \$1,258,066 (2019: \$1,600,928), which exceeded 5% of total equity.

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9. OTHER ASSETS

Other assets represent the following:

	2020	2019
	\$	\$
Other deposits (i)	4,509,053	3,425,141
Rent receivable, net of allowance for expected credit losses of \$103,905 (2019: \$114,576)	302,441	452,992
Prepaid expenses	339,525	520,619
Investments and deposits interest receivable	743,436	600,797
Security deposits	70,647	70,782
Accounts receivable - other	1,410,698	187,196
	<u>7,375,800</u>	<u>5,257,527</u>

i) The major amounts included in other deposits are as follows:

- The Data Center Project, the Disaster Recovery Project between Nassau and Canada, and ATM machines for the debit and credit card projects, these projects are ongoing.
- The repairs of the Abaco branch and mold remediation due to Hurricane Dorian in 2019 totaling \$0.6 million as at December 31, 2020.

Once these projects are completed, the costs will be transferred to the relevant asset classifications, such as investment properties and fixed assets, net.

Reversal of provision for rent receivable losses during the year amounted to \$10,671 (2019: Provision for rent receivable losses \$27,026).

10. INVESTMENT IN THE LEAGUE

The movement in the investment in the League is as follows:

	2020	2019
	\$	\$
Balance, beginning of year	31,400	30,200
Share subscriptions during the year	1,200	1,200
Balance, end of year	<u>32,600</u>	<u>31,400</u>

At December 31, 2020, the number of shares in the League held by the Credit Union totaled 652 (2019: 628).

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

11. FINANCIAL INVESTMENTS

Financial investments are comprised of the following:

	2020	2019
	\$	\$
Amortized Cost		
The Bahamas Government Registered Stocks*	29,753,894	23,093,000
Corporate Bonds*	642,909	623,541
	<u>30,396,803</u>	<u>23,716,541</u>
Fair Value Through OCI		
Preference shares*	1,583,348	1,489,617
Prime Income Fund - Series 2*	1,484,801	1,398,424
Quoted Equities*	1,500,374	842,675
Bank of The Bahamas Limited (136,448 ordinary shares)	227,868	320,653
Arawak Port Development (115 ordinary shares (cost: \$1,150))	3,694	2,004
	<u>4,800,085</u>	<u>4,053,373</u>
	<u>35,196,888</u>	<u>27,769,914</u>

(*) These items include investments managed by Royal Fidelity, and at December 31, 2020 totaled \$12,231,430 (2019: \$8,215,855).

The movements in financial assets at FVTOCI during the year was as follows:

	2020	2019
	\$	\$
Balance, beginning of the year	4,053,373	4,707,782
Net movement during the year	728,356	(1,075,074)
Net change in unrealized gain on financial assets at FVTOCI	18,356	420,665
Balance, end of the year	<u>4,800,085</u>	<u>4,053,373</u>

Interest income earned from these investments during the year amounted to \$917,006 (2019: \$1,078,408).

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

12. INVESTMENT PROPERTIES, net

a) Details of investment properties, net are as follows:

	Vacant Properties \$	Rental Properties \$	Total \$
Cost			
Balance at December 31, 2018	1,759,524	24,796,897	26,556,421
Additions during the year	-	14,122	14,122
Balance at December 31, 2019	1,759,524	24,811,019	26,570,543
Additions during the year	-	147,985	147,985
Disposal during the year	(1,225,650)	-	(1,225,650)
Balance at December 31, 2020	533,874	24,959,004	25,492,878
Accumulated depreciation			
Balance at December 31, 2018	-	4,132,859	4,132,859
Additions during the year (Note 21)	-	695,027	695,027
Balance at December 31, 2019	-	4,827,886	4,827,886
Additions during the year (Note 21)	-	679,473	679,473
Balance at December 31, 2020	-	5,507,359	5,507,359
Net carrying values			
As at December 31, 2020	533,874	19,451,645	19,985,519
As at December 31, 2019	1,759,524	19,983,133	21,742,657

The sales agreement with the Central Bank of The Bahamas for a sale of a lot located in Frank Watson Boulevard (also known as South Ocean investment property) for a total amount of \$2,000,000 less fees amounting to \$50,000, was perfected on December 27, 2020. Gain on sale of this property amounted to \$724,350.

b) Net carrying values of each investment property is as follows:

	Carrying Values	
	2020 \$	2019 \$
Vacant Properties		
South Ocean	-	1,225,650
Milo Butler Highway	206,111	206,111
Baillou Hill Road, South	63,431	63,431
#151 Central Pines, Abaco	264,332	264,332
	533,874	1,759,524
Rental Properties		
East Street South	4,414,775	4,585,680
Tonique Williams-Darling Highway	1,250,653	1,307,955
Freeport	1,543,950	1,604,398
Abaco	12,242,267	12,485,100
	19,451,645	19,983,133
	19,985,519	21,742,657

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
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December 31, 2020

12. INVESTMENT PROPERTIES, net (continued)

c) Fair value disclosure:

The fair values of the Credit Union's investment properties were determined by external, independent property appraisers, who are members of the Bahamas Real Estate Association, and have the appropriate, professional qualifications and experience in the location and category of the property being valued.

The fair values were based on a combination of the replacement cost approach, the income approach and the market comparable approach that reflects recent prices for similar properties. In estimating the fair values of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation techniques during the year.

Property	Type	Fair Value	
		2020 \$	2019 \$
Abaco Complex	Land and building	15,283,400	15,283,400
East Street South	Land and building	5,750,000	5,560,000
Tonique Williams-Darling Highway	Land and building	3,100,000	3,325,000
Freeport	Land and building	1,673,541	1,673,541
Milo Butler Highway	Vacant	261,000	261,000
#151 Central Pines, Abaco*	Land and unoccupied building	178,000	178,000
Baillou Hill Road South	Vacant	85,000	85,000
South Ocean	Vacant	-	2,780,000
		26,330,941	29,145,941

*Management is of the opinion that this property is not permanently impaired, and therefore no impairment provision has been made.

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December 31, 2020

13. FIXED ASSETS, net

Fixed assets, net are comprised of the following:

	Land \$	Buildings and Improvements \$	Furniture and Fixtures \$	Computer System and Equipment \$	Motor Vehicles \$	Total \$
Cost						
Balance at December 31, 2018	689,535	9,173,577	1,972,063	1,822,655	174,585	13,832,415
Additions	-	45,348	60,235	150,166	-	255,749
Disposals	-	-	(2,575)	(628)	-	(3,203)
Balance at December 31, 2019	689,535	9,218,925	2,029,723	1,972,193	174,585	14,084,961
Additions	-	31,339	55,374	21,061	-	107,774
Balance at December 31, 2020	689,535	9,250,264	2,085,097	1,993,254	174,585	14,192,735
Accumulated depreciation						
Balance at December 31, 2018	-	3,304,499	1,405,964	1,442,667	174,585	6,327,715
Additions	-	335,084	185,487	138,850	-	659,421
Disposals	-	-	(2,575)	(425)	-	(3,000)
Balance at December 31, 2019	-	3,639,583	1,588,876	1,581,092	174,585	6,984,136
Additions (Note 22)	-	328,581	133,289	120,611	-	582,481
Balance at December 31, 2020	-	3,968,164	1,722,165	1,701,703	174,585	7,566,617
Net carrying values						
As at December 31, 2020	689,535	5,282,100	362,932	291,551	-	6,626,118
As at December 31, 2019	689,535	5,579,342	440,847	391,101	-	7,100,825

Loss on disposal of fixed assets in 2019 amounted to \$203.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

14. MEMBERS' REGULAR DEPOSITS

The movement in members' regular deposits are as follows:

	Interest Rate %	2020 \$	2019 \$
Balance, beginning of year	1.25-2.5	67,502,001	64,179,576
Add: savings and interest		51,014,004	51,552,361
Less: withdrawals and transfers		(46,202,686)	(48,229,936)
Balance, end of year		72,313,319	67,502,001

15. OTHER DEPOSITS

Other deposits are comprised of the following:

As at December 31, 2020					
	Interest Rate (%)	Members \$	Minors \$	Depositors \$	Total \$
Term deposits	0.25 - 3.00	88,582,460	416,358	1,745,133	90,743,951
Other deposits					
Savings	0.50	26,555,517	586,168	2,752,910	29,894,595
Christmas club accounts	0.75	584,409	453	-	584,862
Vacation club deposits	0.75	116,337	3,208	-	119,545
Bill paying accounts	0.50	56,751	26	-	56,777
		115,895,474	1,006,213	4,498,043	121,399,730
Dividend reinvestment		24,222	-	-	24,222
Retirement savings		2,353,898	-	-	2,353,898
		118,273,594	1,006,213	4,498,043	123,777,850
As at December 31, 2019					
	Interest Rate (%)	Members \$	Minors \$	Depositors \$	Total \$
Term deposits	0.75 - 4.00	95,359,239	402,024	2,395,101	98,156,364
Other deposits					
Savings	0.50	24,931,933	512,360	3,718,757	29,163,050
Christmas club accounts	0.75	519,264	642	-	519,906
Vacation club deposits	0.75	91,366	3,279	-	94,645
Bill paying accounts	0.50	48,574	-	-	48,574
		120,950,376	918,305	6,113,858	127,982,539
Dividend reinvestment	0.75	25,948	-	-	25,948
Preferred equity shares	3.50	1,656,650	-	-	1,656,650
Retirement savings	0.75	2,211,428	-	-	2,211,428
		124,844,402	918,305	6,113,858	131,876,565

At December 31, 2020, there was one (1) member (2019: one (1)) with deposits which exceeded 10% of the Credit Union's equity. The deposit totaled \$1,395,078 (2019: \$2,280,672).

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

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16. OTHER LIABILITIES

Other liabilities are comprised of the following:

	2020	2019
	\$	\$
Accrued interest payable		
Members' regular deposits	894,299	787,957
Fixed deposits	562,764	1,223,773
	1,457,063	2,011,730
Other payables		
Dormant accounts	474,983	471,581
Accrued expenses	217,877	296,476
Share loan insurance	71,054	74,755
Tenants' security deposits	88,967	90,933
Unallocated collections	32,154	32,154
Lease liability (Note 28)	16,848	31,807
	901,883	997,706
	2,358,946	3,009,436

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
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Notes to Financial Statements

December 31, 2020

17. MEMBERS' EQUITY

i) Members' Shares

Members' shares consist of the following:

	2020			2019		
	Qualifying \$	Equity \$	Total \$	Qualifying \$	Equity \$	Total \$
Balance, beginning of year	884,600	3,608,950	4,493,550	884,100	3,574,100	4,458,200
Shares issued	59,700	264,700	324,400	30,050	131,350	161,400
Shares redeemed	(36,550)	(146,200)	(182,750)	(29,550)	(96,500)	(126,050)
Balance, end of year	907,750	3,727,450	4,635,200	884,600	3,608,950	4,493,550

The authorized share capital of the Credit Union consists of the following:

- a) Qualifying shares – These are unlimited authorized shares, where each member of the Credit Union is required to hold 1 share (\$50). These shares also determine the amount of members in the Credit Union; and
- b) Equity shares – These authorized shares are an unlimited amount, which are investment shares that each member is required to hold a minimum of 4 shares (\$200).

At December 31, 2020, there were 18,155 members (2019: 17,692 members) of the Credit Union.

ii) Statutory Reserve

The movement in the statutory reserve is as follows:

	2020 \$	2019 \$
Balance, beginning of year	16,000,000	13,875,000
Transfer from retained earnings	-	2,125,000
Balance, end of year	16,000,000	16,000,000

The current amount of the statutory reserve in equity is 7.26% (2019: 7.13%) of total assets.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

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17. MEMBERS' EQUITY (continued)

iii) Fair Value Reserve

The movement in the fair value reserve is as follows:

	2020	2019
	\$	\$
Balance, beginning of year	(199,748)	(620,413)
Net change in unrealized gain on financial assets at FVTOCI during the year	11,483	420,665
Balance, end of year	(188,265)	(199,748)

18. RELATED PARTIES' BALANCES AND TRANSACTIONS

The following balances and transactions are held or conducted directly or indirectly by/with related parties:

	2020	2019
	\$	\$
Balances:		
Loans receivable, net	1,885,644	1,995,444
Deposits with the League	44,000,642	42,991,592
Investment in the League	32,600	31,400
Members regular deposits	2,882,022	2,971,382
Other deposits	863,469	702,993
Members' shares	32,500	34,500
Transactions:		
Interest income on loans	85,980	165,332
Interest income on deposits with the League	624,050	604,314
Interest expense	12,089	68,860
Salaries and bonus	1,107,930	868,305
Medical and pension	140,547	156,731
Other benefits	43,015	45,193
League expenses	56,787	75,496
Board allowances and expenses	36,772	51,696
Sub-committee allowances and expenses	13,733	33,598
Directors and officers insurance	4,982	4,653
Credit card balances	29,102	44,834

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19. NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES

Net interest income before provision for loan impairment and expected credit losses is comprised of the following:

	2020	2019
	\$	\$
Net interest income on members' loans and deposits		
Interest earned on loans to members	8,967,599	10,224,205
Interest expense on members' regular shares and deposits	(2,563,257)	(3,258,531)
	6,404,342	6,965,674
Interest income on investments		
Financial investments (Note 11)	917,006	1,078,408
Deposits with the League (Note 7)	624,050	604,314
Time deposits with banks (Note 6)	409,494	244,591
Other	296,221	19,663
	2,246,771	1,946,976
	8,651,113	8,912,650

20. OTHER INCOME

Other income is comprised of the following:

	2020	2019
	\$	\$
Gain on sale of property	724,350	-
Rebate on LP/LS Insurance	215,438	102,683
Loan services fees	185,954	164,000
Recovery - Insurance	159,828	-
Service charges	145,568	150,757
Dividend income	120,864	117,745
ATM fees	14,056	33,388
Other income	12,337	65,557
Entrance fees	(22,036)	113,680
	1,556,359	747,810

The Freeport and Abaco branches sustained damages due primarily to the passage of Hurricane Dorian in September 2019. During the year, the Credit Union received proceeds from insurance claims of \$159,828.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
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21. PROFITS (LOSSES) ON RENTAL PROPERTIES

Profit (loss) by location on rental properties is as follows:

	As at December 31, 2020				
	East Street South \$	Tonique Williams- Darling Highway \$	Freeport \$	Abaco \$	Total \$
Income					
Rental income	459,207	194,171	187,203	76,284	916,865
Recovery - Insurance	-	-	25,542	959,731	985,273
	<u>459,207</u>	<u>194,171</u>	<u>212,745</u>	<u>1,036,015</u>	<u>1,902,138</u>
Expenses					
Depreciation (Note 12)	170,904	57,303	72,699	378,567	679,473
Repairs and maintenance	85,172	29,526	25,779	64,523	205,000
Insurance	62,679	17,392	29,870	220,420	330,361
Security	-	-	18,093	69,301	87,394
Taxes	22,854	48,079	-	-	70,933
Utilities	(79)	3,308	22,153	5,265	30,647
Other expenses	1,906	1,089	976	11,083	15,054
(Recovery)/increase in bad debt	-	(26,989)	31,077	2,937	7,025
Janitorial	-	1,000	2,938	-	3,938
	<u>343,436</u>	<u>130,708</u>	<u>203,585</u>	<u>752,096</u>	<u>1,429,825</u>
Profit for the year	<u>115,771</u>	<u>63,463</u>	<u>9,160</u>	<u>283,919</u>	<u>472,313</u>

The Freeport and Abaco branches sustained damages due primarily to the passage of Hurricane Dorian in September 2019. During the year, the Credit Union received proceeds from insurance claims of \$985,273 relating to its rental properties.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2020

21. PROFITS (LOSSES) ON RENTAL PROPERTIES (continued)

	As at December 31, 2019				Total \$
	East Street South \$	Tonique Williams- Darling Highway \$	Freeport \$	Abaco \$	
Income					
Rental income	472,633	172,609	150,434	252,216	1,047,892
Expenses					
Depreciation (Note 12)	175,179	57,502	72,495	389,851	695,027
Repairs and maintenance	121,504	53,523	46,884	77,834	299,745
Insurance	60,961	18,064	27,772	186,200	292,997
Security	-	-	18,815	103,750	122,565
Taxes	31,400	49,108	949	1,922	83,379
Utilities	1,620	2,929	22,937	22,095	49,581
(Recovery) increase in bad debt	-	13,881	(185)	15,011	28,707
Other expenses	3,938	2,355	1,233	8,646	16,172
Janitorial	-	-	2,755	-	2,755
	394,602	197,362	193,655	805,309	1,590,928
Loss for the year	78,031	(24,753)	(43,221)	(553,093)	(543,036)

Investment properties are either leased to third parties on operating leases or are vacant.

Although the risks associated with rights that the Credit Union retains in underlying assets are not considered to be significant, the Credit Union employs strategies to further minimize these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Credit Union when a property has been subjected to excess wear-and-tear during the lease term.

The lease contracts are all non-cancellable for 1 - 5 years from the commencement of the lease. Future minimum lease rentals are as follows:

	Minimum lease payments due				Total \$
	Within 1 year \$	1-2 years \$	2-3 years \$	3-5 years \$	
December 31, 2020	374,424	291,904	-	-	666,328
December 31, 2019	552,959	418,524	291,904	-	1,263,387

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

22. OPERATING EXPENSES

Operating expenses are comprised of the following:

	2020	2019
	\$	\$
<u>Personnel</u>		
Salaries	2,149,204	2,055,930
Medical and pension (Note 24)	307,628	341,174
Other benefits	137,015	71,187
National insurance	95,162	95,244
Travel, training and development	25,133	118,139
	<u>2,714,142</u>	<u>2,681,674</u>
<u>General business</u>		
Depreciation - furniture and fixtures	133,289	185,487
Insurance - general	192,351	114,479
Professional and legal fees	397,127	210,545
Value Added Tax (VAT)	246,125	161,933
Equipment maintenance	91,404	129,313
Stationery and supplies	52,981	52,477
Armored car services	24,845	30,442
Motor vehicles license and maintenance	19,306	20,965
Bank charges	99,910	103,031
Courier and postage	6,620	7,155
Insurance - motor vehicles	4,257	4,371
Other general expense	13,221	20,255
	<u>1,281,436</u>	<u>1,040,453</u>
<u>Occupancy</u>		
Utilities	206,607	328,723
Depreciation - Building and improvements	328,581	335,084
General maintenance	317,513	183,225
Security services	161,398	182,174
Property tax	25,512	31,226
Amortization - right of use asset	15,018	13,766
Interest expense - right of use asset	6,355	1,802
	<u>1,060,984</u>	<u>1,076,000</u>
<u>Computer costs</u>		
Computer software - depreciation	41,505	49,943
Software subscription and maintenance	512,315	692,483
Computer stationery and ATM expense	29,507	40,336
Computer hardware - depreciation	79,106	88,907
Internet	189,626	66,864
	<u>852,059</u>	<u>938,533</u>

(Continued)

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

22. OPERATING EXPENSES (continued)

	2020	2019
	\$	\$
<i>Members' security</i>		
Loans and savings insurance premium	438,056	423,651
Bond insurance premium	32,273	34,004
	<u>470,329</u>	<u>457,655</u>
<i>Organizational</i>		
Board and committee development and travel	1,482	17,685
Board and committee remuneration	47,980	62,020
Annual general meetings and anniversary expenses	6,383	41,153
Stabilization fees	53,076	53,046
Board and committee meetings	2,214	5,589
Insurance - officers liabilities	4,982	4,653
Members' education	2,661	4,323
	<u>118,778</u>	<u>188,469</u>
<i>Marketing</i>		
Advertising and promotions	76,652	112,968
Marketing	8,812	1,738
Donations and gifts	1,850	14,188
	<u>87,314</u>	<u>128,894</u>
	<u>6,585,042</u>	<u>6,511,678</u>

(Concluded)

23. COMMITMENTS AND CONTINGENCIES

i) Commitments

- a) Commitments for undrawn loans at December 31, 2020 totaled \$7,903,501 (2019: \$226,014).
- b) Commitment for capital expenditure at December 31, 2020 totaled \$444,996 (2019: \$268,000).
- c) Lease of offsite data storage facility (see Note 28).

ii) Contingent liabilities

- a) The Credit Union is a party to an agreement between The Bahamas Cooperative League Ltd. and Scotiabank (Bahamas) Limited relating to the Credit Union's issuance of credit cards to its members. In that agreement, the Credit Union indemnifies Scotiabank (Bahamas) Limited against credit card losses by settling balances that have become overdue more than 90 days. For those delinquent accounts, the Credit Union converts the balances outstanding to loans and pursues collection of the amount from the credit card holders.

At December 31, 2020, the total balance outstanding on Scotiabank (Bahamas) Limited credit cards was \$37,202 (2019: \$62,762) on 40 (2019: 64) cards. There were no delinquent balances converted to loans at December 31, 2020 (2019: Nil).

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

23. COMMITMENTS AND CONTINGENCIES (continued)

ii) Contingent liabilities (continued)

- b) The Credit Union entered into an agreement with Fidelity Bank (Bahamas) Limited to facilitate the Credit Union's issuance of credit cards to its members. In that agreement, the Credit Union indemnifies Fidelity Bank (Bahamas) Limited against credit card losses by settling balances that have become overdue more than 90 days. For those delinquent accounts, the Credit Union converts the balances outstanding to loans and pursues collection of the amount from the credit card holders.

At December 31, 2020, the total balance outstanding on Fidelity Bank (Bahamas) Limited credit cards was \$150,078 (2019: \$173,931) on 81 (2019: 84) cards. There were no delinquent balances converted to loans at December 31, 2020 and 2019, respectively.

iii) Litigation

The Credit Union is involved in several actions that it has brought against members who are in default of their loan commitments, and tenants who are in default of their lease agreements. These matters are in active litigation by the Credit Union's lawyers. Management is of the view, after taking appropriate legal advice, that the outcome of these legal proceedings will not give rise to any significant losses to the Credit Union as at December 31, 2020 and 2019, respectively.

24. PENSION PLAN

The Credit Union provides retirement benefits for eligible employees. The plan is a defined contribution plan and employees' participation in the plan is compulsory with a vesting period of ten (10) years. The employees' and Credit Union's contributions are 5% and 10% respectively, of the employee's base compensation. The Credit Union's contributions to the plan during the year was \$166,513 (2019: \$182,765) and is included in personnel expenses in the statement of comprehensive operations.

25. CAPITAL MANAGEMENT

The Credit Union's objectives when managing capital are as follows:

- To comply with the capital requirements set by the Regulator, the Central Bank of The Bahamas;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for its members and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Credit Union's Board reviews the capital structure on a monthly basis. As part of the review, the Board considers the provision of the Bahamas Co-operative Credit Unions Act, 2015, Section 65 (2), which states that:

"Every society shall ensure that –

- a) *Not less than 10% of its members' deposits are kept in a liquidity reserve fund; and*

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

25. CAPITAL MANAGEMENT (continued)

- b) *Statutory reserves, retained earnings, qualifying shares and equity shares are at no stage less than 10% of its total assets, except during the phase in period as permitted by regulations.”*

The table below summarizes the composition of the Credit Union’s regulatory capital and the ratios for the end of the reporting period:

	2020 \$	2019 \$
Provision (a)		
Liquidity reserve deposits	20,452,129	20,015,698
Members' regular and other deposits	196,091,169	199,378,566
Actual ratio	10.43%	10.04%
Required ratio	10.00%	10.00%
Excess/(shortfall) of regulation	0.43%	0.04%
Provision (b)		
Regulatory reserves	22,009,448	22,243,048
Total assets	220,271,298	224,431,302
Actual ratio	9.99%	9.91%
Required ratio	10.00%	10.00%
Shortfall of regulation	(0.01%)	(0.09%)

26. FINANCIAL RISK MANAGEMENT

By its nature, the Credit Union’s activities are principally related to the use of financial instruments. This will involve analysis, evaluation and management of some degree of risk or combination of risks. The Credit Union’s aims are, therefore, to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Credit Union’s financial performance.

The Board of Directors (“the Board”) is ultimately responsible for the establishment and oversight of the Credit Union’s risk management framework. The Credit Union’s risk management policies are designed to identify and analyze the risk faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits by means of regularly generated reports. Risk management procedures are closely integrated into all key business processes. The Credit Union regularly reviews its risk management policies, procedures and systems to reflect recommendations and best practice, as well as changes in markets and products.

The Board, through the following committees, is responsible for monitoring compliance with the Credit Union’s risk management policies and procedures:

i) Supervisory Committee

The Supervisory Committee oversees how management monitors compliance with the Credit Union’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. This Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

i) Credit Committee

The Credit Committee oversees the approval and disbursements of credit facilities to members. It is also primarily responsible for monitoring the quality of the loan portfolio.

The Credit Union accepts deposits from members at agreed rates of interest and seeks to earn above average interest margins by investing these funds in high quality assets, as well as lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

These activities expose the Credit Union to a variety of financial risks, the most important risks are:

- Credit Risk
- Liquidity Risk
- Market Risk (including currency risk, equity price risk and interest rate risk)

Credit risk

Credit risk is the risk of suffering financial losses should any of the Credit Union's members or other counterparties fail to fulfill their contractual obligations to the Credit Union. Credit risk arises mainly from loans and advances to members, including loan commitments arising from such lending activities, and investments in debt securities as part of the Credit Union's treasury management activities. The Credit Union seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to borrowers with a rate of credit standings. Such exposures involve not just on-balance sheet loans and advances to members, but also guarantees and other commitments.

Credit risk is the greatest risk facing the Credit Union and management therefore carefully manages its exposure to credit risk. Provisions are provided for loan impairment and expected credit losses as of the statement of financial position date (see Note 8). Significant changes in the economies or sectors that represent a concentration in the credit Union's portfolio could result in losses that are different from those provided for as of the statement of financial position date.

The Credit Union's Directors and Management Committee are responsible for approving and monitoring the Credit Union's credit exposure, which is done through review and approval of the Credit Union's lending policy, and limits on credit exposure to individual borrowers. Prior to advancing funds, an assessment is made of the credit quality of each borrower. The Credit Union does not use an automated credit scoring system; exposure to credit risk is managed through regular analysis of the ability of borrowers to meet contractual obligations, performed by branch managers and the Directors. It is the Credit Union's policy to have members repay their loans rather than relying exclusively on security.

Maximum credit exposure at the year-end approximates the carrying value of all financial assets. The classes of financial instruments to which the Credit Union is most exposed to credit risk are loans and advances to members, cash at banks and certain investment securities. The Credit Union places its deposits with banks in good standing with the Central Bank of The Bahamas and other regulators in which deposits are placed. Investment securities with credit risk mainly comprise debt securities issued by the Government of the Commonwealth of The Bahamas, which currently maintains investment grade credit ratings.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Credit Union employs a range of policies and practices to mitigate credit risk. The most traditional is the taking of security for funds advanced, which is common practice.

The Credit Union implements guidelines on the acceptability of specific classes of collateral or other credit risk mitigation. The principal collateral or other credit risk mitigation for loans to members include, first mortgages on property, chattel mortgages, restricted deposits from members and salary deductions from employers.

The geographical locations of the Credit Union's financial assets are as follows:

	As at December 31, 2020			
	Nassau	Freeport	Abaco	Total
(Expressed in B\$'000)	\$	\$	\$	\$
Cash and cash equivalents (excluding cash on hand)	2,523	201	33	2,757
Time deposits with banks	26,405	8	-	26,413
Deposits with the League	44,001	-	-	44,001
Loans receivable, net	46,799	20,628	9,004	76,431
Other assets	2,367	83	77	2,527
Investment in the League	33	-	-	33
Financial investments	35,197	-	-	35,197
Total financial assets	157,325	20,920	9,114	187,359

	As at December 31, 2019			
	Nassau	Freeport	Abaco	Total
(Expressed in B\$'000)	\$	\$	\$	\$
Cash and cash equivalents (excluding cash on hand)	12,972	3,329	1,463	17,764
Time deposits with banks	17,086	8	-	17,094
Deposits with the League	42,992	-	-	42,992
Loans receivable, net	52,767	21,549	9,360	83,676
Other assets	1,130	44	35	1,209
Investment in the League	31	-	-	31
Financial investments	27,770	-	-	27,770
Total financial assets	154,748	24,930	10,858	190,536

The following table shows the loan portfolio by individual and institutional members:

	2020	2019
	\$	\$
Individual members	81,318,909	89,167,578
Institutional members	1,869,972	2,214,308
	83,188,881	91,381,886

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Notes to Financial Statements

December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The following table analyses the credit quality of the loan portfolio:

	2020	2019
	\$	\$
Neither past due nor impaired	78,719,715	84,486,045
Past due but not impaired	3,257,789	2,371,235
Impaired	1,211,377	4,524,606
Gross	83,188,881	91,381,886
Add: accrued interest	617,470	313,083
Less: deferred service fees	(2,175,368)	(2,449,781)
Less: allowance for loan impairment and expected credit losses	(5,199,892)	(5,569,611)
Net	76,431,091	83,675,577

Renegotiated loans

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payments will most likely continue. These policies are continuously reviewed.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Credit Union will encounter difficulty in meeting its obligations and commitments associated with its financial liabilities. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Credit Union is exposed to daily calls on its available cash resources from general savings deposits, loans draw-downs, guarantees, withdrawal of shares and operating commitments. The Credit Union does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Liquidity risk management process

The liquidity risk management process is monitored by the Manager and includes:

- Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of the Credit Union's source of funds which includes, cash and bank balances, items in the course of collection and investment maturities in order to determine their ability to meet its commitments;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;
- Maintaining committed lines of credit with its Banker and the League;

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December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

- Monitoring the statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to liabilities; and
- Matching and mismatching of the maturities and interest rates of financial assets and financial liabilities. An unmatched position potentially enhances profitability, but can increase liquidity risk.

Financial liabilities cash flows

The table below summarizes the Credit Union's exposure to liquidity risk, based on the remaining contractual repayment obligations:

	As at December 31, 2020				
	Within 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
Liabilities:					
Members' regular deposits	72,313,319	-	-	-	72,313,319
Other deposits	34,475,010	303,662	914,793	88,084,385	123,777,850
Other liabilities	218,463	23,763	1,552,770	563,950	2,358,946
Total liabilities	107,006,793	327,425	2,467,562	88,648,335	198,450,115

	As at December 31, 2019				
	Within 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
Liabilities:					
Members' regular deposits	67,502,001	-	-	-	67,502,001
Other deposits	36,277,051	5,128,312	19,387,544	71,083,658	131,876,565
Other liabilities	268,948	12,500	2,165,474	562,514	3,009,436
Total liabilities	104,048,000	5,140,812	21,553,018	71,646,172	202,388,002

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

Market risk

The Credit Union takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk arises from open positions in foreign currencies (currency risk), equity products (equity price risk) and interest rates (interest rate risk), all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Currency risk

Currency risk or foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Credit Union has minimum exposure to currency risk, as all its assets and liabilities are stated in Bahamian dollars, which is the Credit Union's functional and presentational currency.

Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Credit Union is exposed to equity price risk on its quoted financial instruments, held as a part of its investment portfolio totaling \$1,731,936 (2019: \$1,165,332).

- Sensitivity Analysis - The Credit Union's quoted equity securities are traded on the Bahamas International Stock Exchange (BISX). If equity prices had been 5% higher/lower, total comprehensive operations would have increased/decreased by \$86,597 (2019: \$58,267).

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, and arises mainly from interest bearing time and other deposits, loans receivable, debt securities, members' regular deposits and other deposits.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk. The Credit Union takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The Credit Union's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments as determined by the League. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

The Credit Union does not attempt to hedge specifically against the impact of changes in market interest rates on cash flow and interest margins. Management maintains a general policy of fixing the interest rate spread between interest earned on financial assets and interest incurred on financial liabilities.

The tables below summarize the Credit Union's exposure to interest rate risks. They include the Credit Union's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	As at December 31, 2020				Total \$
	Within one (1) Year \$	1 to 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	
Assets:					
Cash and cash equivalents	508,678	-	-	3,684,197	4,192,875
Time deposits with banks	26,413,495	-	-	-	26,413,495
Deposits with the League	405,984	-	43,594,658	-	44,000,642
Loans receivable, net	3,511,909	26,844,720	39,881,545	6,192,917	76,431,091
Investment in the League	-	-	-	32,600	32,600
Financial investments	-	10,473,213	21,506,938	3,216,737	35,196,888
Right-of-use asset	15,018	1,252	-	-	16,270
Other assets	-	-	-	2,527,222	2,527,222
Total assets	30,855,084	37,319,185	104,983,141	15,653,673	188,811,083
Liabilities:					
Members' regular deposits	72,313,319	-	-	-	72,313,319
Other deposits	32,929,340	88,084,386	-	2,764,124	123,777,850
Other liabilities	16,221	627	-	2,342,098	2,358,946
Total liabilities	105,258,880	88,085,013	-	5,106,222	198,450,115
Total interest repricing gap	(74,403,796)	(50,765,828)	104,983,141	10,547,451	(9,639,032)
Cumulative gap	(74,403,796)	(125,169,624)	(20,186,483)	(9,639,032)	-

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Notes to Financial Statements

December 31, 2020

26. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2019				Total \$
	Within one (1) Year \$	1 to 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	
Assets:					
Cash and cash equivalents	16,103,267	-	-	2,633,223	18,736,490
Time deposits with banks	17,094,032	-	-	-	17,094,032
Deposits with the League	401,944	-	42,589,648	-	42,991,592
Loans receivable, net	3,854,562	33,450,482	39,786,192	6,584,341	83,675,577
Investment in the League	-	-	-	31,400	31,400
Financial investments	-	8,789,896	16,416,262	2,563,756	27,769,914
Right-of-use asset	15,018	16,270	-	-	31,288
Other assets	-	-	-	1,209,084	1,209,084
Total assets	37,468,823	42,256,648	98,792,102	13,021,804	191,539,377
Liabilities:					
Members' regular deposits	67,502,001	-	-	-	67,502,001
Other deposits	56,954,171	71,083,658	-	3,838,736	131,876,565
Other liabilities	14,440	16,848	-	2,978,148	3,009,436
Total liabilities	124,470,612	71,100,506	-	6,816,884	202,388,002
Total interest repricing gap	(87,001,789)	(28,843,858)	98,792,102	6,204,920	(10,848,625)
Cumulative gap	(87,001,789)	(115,845,647)	(17,053,545)	(10,848,625)	-

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2020

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Most of the Credit Union's financial instruments lack an available trading market. Therefore, these instruments have been fair valued using other valuation techniques and may not necessarily be indicative of the amounts realizable on the settlement of the instruments.

a) *Financial instruments not measured at fair value:*

- i) The fair value of liquid assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- ii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.
- iii) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans, the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognized separately by deducting the amount of the provisions for credit losses from both the book and fair values.
- iv) The fair value of members' regular shares and deposits, with no specific maturity is assumed to be the amount payable on demand at the reporting date.
- v) The fair values of all other financial instruments not mentioned above are assumed to approximate their carrying values.

b) *Financial instruments measured at fair value:*

Quoted securities classified as financial assets through OCI are measured by reference to quoted market prices on the Bahamas International Stock Exchange (BISX).

c) *Fair value hierarchy:*

The following table provides an analysis of financial instruments held at the reporting date that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level consists of listed equity securities traded on the Bahamas International Stock Exchange (BISX).
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This includes government debt securities and other securities with observable inputs.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2020

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

c) *Fair value hierarchy (continued):*

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. The Credit Union has no financial instruments categorized in this level.

The following table analyzes within the fair value hierarchy, the Credit Union’s financial assets measured at fair value as at the statement of financial position date:

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial investments				
Financial assets at FVTOCI	1,731,936	3,068,149	-	4,800,085

	As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial investments				
Financial assets at FVTOCI	1,165,332	2,888,041	-	4,053,373

28. LEASE COMMITMENTS

On December 12, 2017, the Credit Union agreed and accepted the price quotation made by Terago Networks Inc. (“the Service Provider”) for a co-location package for off-site data storage with a target service start date of December 1, 2017 and a contract term of 36 months.

On February 6, 2019, the Credit Union started to avail the full rack package (42U Cabinet, 2kW redundant Pwr) from the Service Provider for a period of one (1) year.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2020

28. LEASE COMMITMENTS (continued)

In 2019, the Credit Union adopted the new standard IFRS 16, *Leases* and has accounted the net carrying values of its right-of-use asset and lease liability as follows:

	2020	2019
	\$	\$
Right-of-use asset (cost)		
At January	45,054	45,054
Additions during the year	-	-
At December 31	45,054	45,054
Accumulated amortization		
At January 1	13,766	-
Amortization during the year	15,018	13,766
At December 31	28,784	13,766
Net carrying value at December 31	16,270	31,288
	2020	2019
	\$	\$
Lease liability		
At January 1	31,807	45,054
Add: interest expense during the year	1,272	1,802
Less: lease payments during the year	(16,231)	(15,049)
At December 31	16,848	31,807

The lease liability is included in other liabilities (Note 16) in the Credit Union's statement of financial position.

29. EVENTS AFTER THE REPORTING PERIOD

There were no other material events of significance impacting the Credit Union after December 31, 2020 and up to April 30, 2021, which is the date the financial statements are available to be issued that require disclosures in these financial statements.

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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

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The primary purpose of our examination for the year ended December 31, 2020 is to express an opinion on the basic financial statements of Teachers and Salaried Workers Co-operative Credit Union Limited ("the Credit Union") presented on pages 4 through 53, taken as a whole.

The supplementary information for the year ended December 31, 2020 presented on pages 55 through 63 is not considered necessary for a fair presentation of the Credit Union's financial position and the results of its operations and its cash flows in accordance with International Financial Reporting Standards, and is presented for supplementary analysis purposes. Such information has been subjected to the audit procedures applied on the examination of the basic financial statements.

In our opinion, the accompanying supplementary information is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

April 30, 2021

Nassau, The Bahamas



CHARTERED ACCOUNTANTS

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Statement of Profit or Loss - Nassau, Head Office
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020 \$	2019 \$
INTEREST INCOME		
Loans	5,930,311	6,656,581
Investments	2,245,110	1,945,488
	<u>8,175,421</u>	<u>8,602,069</u>
INTEREST EXPENSE		
Members' regular shares and other deposits	2,260,530	2,833,010
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES AND RECOVERIES OF BAD DEBTS		
	5,914,891	5,769,059
Provision for loan impairment and expected credit losses	(3,704,884)	(246,964)
Recoveries of bad debts	135,203	153,240
	<u>2,345,210</u>	<u>5,675,335</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES AND RECOVERIES OF BAD DEBTS		
	2,345,210	5,675,335
NON-INTEREST INCOME (LOSS)		
Other income	1,285,414	592,973
Profit on rental properties	179,236	53,278
	<u>1,464,650</u>	<u>646,251</u>
Net interest and other income	3,809,860	6,321,586
OPERATING EXPENSES		
Personnel	2,289,138	2,216,268
General business	1,113,404	829,613
Computer costs	795,164	890,240
Occupancy	758,447	821,748
Members' security	455,343	446,940
Organizational	104,784	169,211
Marketing	76,557	105,723
	<u>5,592,837</u>	<u>5,479,743</u>
(LOSS) PROFIT FOR THE YEAR	<u>(1,782,977)</u>	<u>841,843</u>

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Statement of Operating Expenses - Nassau, Head Office
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020	2019
	\$	\$
<i>Personnel</i>		
Salaries	1,838,948	1,719,602
Medical and pension	238,376	265,821
Staff benefits	112,942	59,085
National insurance	79,012	77,843
Travel, training and development	19,860	93,917
	2,289,138	2,216,268
<i>General business</i>		
Professional and legal fees	386,890	202,357
Value Added Tax (VAT)	224,329	132,550
Insurance	138,396	68,751
Depreciation - furniture & equipment	118,453	130,479
Bank charges	95,002	81,019
Equipment maintenance	57,487	103,792
Stationery and supplies	43,843	45,016
Armored car services	20,800	22,547
Vehicle expenses	14,659	14,823
Other general expense	6,248	20,206
Courier and postage	4,399	5,086
Insurance - motor vehicles	2,898	2,987
	1,113,404	829,613
<i>Computer costs</i>		
Software subscription and maintenance	505,550	683,922
Internet	157,158	51,813
Computer hardware - depreciation	65,761	71,497
Computer software - depreciation	40,435	47,472
Computer stationery and ATM expense	26,260	35,536
	795,164	890,240
<i>Occupancy</i>		
Depreciation - building and improvements	234,718	236,403
Utilities	176,116	264,288
General maintenance	176,075	137,934
Security services	124,653	136,329
Property tax	25,512	31,226
Amortization - right-of-use asset	15,018	13,766
Office rent - right-of-use asset	5,083	-
Interest expense - right-of-use asset	1,272	1,802
	758,447	821,748
<i>Members' security</i>		
Loans and savings insurance premium	438,056	423,651
Bond insurance premium	17,287	23,289
	455,343	446,940

(Continued)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Operating Expenses - Nassau, Head Office
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020	2019
	\$	\$
<i>Organizational</i>		
Board and committee remuneration	47,980	62,020
Stabilization fees	39,936	39,978
Annual general meetings and anniversary expenses	5,981	40,399
Insurance - officers liabilities	4,982	4,653
Members' education	2,219	4,184
Board and committee meetings	2,204	5,580
Board and committee development and travel	1,482	12,397
	104,784	169,211
<i>Marketing</i>		
Advertising and promotions	65,995	93,084
Marketing	8,712	1,588
Donations and gifts	1,850	11,051
	76,557	105,723
	5,592,837	5,479,743

(Concluded)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Profit or Loss - Freeport Branch
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020 \$	2019 \$
INTEREST INCOME		
Loans	2,202,291	2,436,662
Investments	1,079	768
	<u>2,203,370</u>	<u>2,437,430</u>
INTEREST EXPENSE		
Members' regular shares and other deposits	(149,647)	(294,082)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES AND RECOVERIES OF BAD DEBTS	2,053,723	2,143,348
Provision for loan impairment and expected credit losses	(511,053)	(136,716)
Recoveries of bad debts	45,220	31,542
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND EXPECTED CREDIT LOSSES AND RECOVERIES OF BAD DEBTS	1,587,890	2,038,174
NON-INTEREST INCOME (LOSS)		
Other income	99,213	103,222
Profit (Loss) on rental properties	9,158	(43,221)
	<u>108,371</u>	<u>60,001</u>
Net interest and other income	1,696,261	2,098,175
OPERATING EXPENSES		
Personnel	252,800	266,252
Occupancy	65,966	88,460
General business	62,013	61,654
Computer costs	27,627	27,676
Organizational	9,878	14,156
Marketing	8,756	11,743
Members' security	8,317	5,934
	<u>435,357</u>	<u>475,875</u>
PROFIT FOR THE YEAR	<u>1,260,904</u>	<u>1,622,300</u>

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Operating Expenses - Freeport Branch
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020	2019
	\$	\$
<u>Personnel</u>		
Salaries	188,951	196,280
Medical and pension	37,390	36,508
Other staff benefits	14,123	7,067
National insurance	10,101	10,279
Travel, training and development	2,235	16,118
	<u>252,800</u>	<u>266,252</u>
<u>Occupancy</u>		
General maintenance	21,186	26,484
Security services	19,597	25,339
Utilities	12,769	25,510
Depreciation - building and improvements	12,414	11,127
	<u>65,966</u>	<u>88,460</u>
<u>General business</u>		
Equipment maintenance	13,689	12,882
Professional and legal fees	8,201	6,606
Value Added Tax (VAT)	7,458	11,398
Other general expense	7,073	500
Depreciation - furniture and fixtures	5,908	11,731
Stationery and supplies	5,558	4,614
Insurance - general	3,319	3,086
Motor vehicles license and maintenance	3,188	3,902
Bank charges	3,165	3,080
Armored car services	2,250	1,800
Courier and postage	1,607	1,437
Insurance - motor vehicle	597	618
	<u>62,013</u>	<u>61,654</u>
<u>Computer costs</u>		
Internet	13,689	8,891
Computer hardware - depreciation	6,278	7,910
Software subscription and maintenance	3,936	5,064
Computer stationery and ATM expense	3,229	4,488
Computer software - depreciation	495	1,323
	<u>27,627</u>	<u>27,676</u>
<u>Organizational</u>		
Stabilization fees	9,024	9,009
Annual general meetings and anniversary expenses	402	420
Members' education	442	139
Board and committee meetings	10	-
Board and committee development and travel	-	4,588
	<u>9,878</u>	<u>14,156</u>

(Continued)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Operating Expenses - Freeport Branch
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020	2019
	\$	\$
<i>Marketing</i>		
Advertising and promotions	8,756	10,453
Donations and gifts	-	1,240
Marketing	-	50
	<u>8,756</u>	<u>11,743</u>
<i>Members' security</i>		
Bond insurance	8,317	5,934
	<u>435,357</u>	<u>475,875</u>

(Concluded)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Profit or Loss - Abaco Branch
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020 \$	2019 \$
INTEREST INCOME		
Loans	834,997	1,130,962
Investments	582	720
	<u>835,579</u>	<u>1,131,682</u>
INTEREST EXPENSE		
Members' regular shares and other deposits	(153,080)	(131,439)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND EXPECTED LOSSES AND RECOVERIES OF BAD DEBTS	682,499	1,000,243
Provision for loan impairment and expected credit losses	(455,583)	(111,537)
Recoveries of bad debts	21,104	23,013
	<u>248,020</u>	<u>911,719</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND CREDIT LOSSES AND RECOVERIES OF BAD DEBTS	248,020	911,719
NON-INTEREST INCOME (LOSS)		
Other income	171,732	51,615
Profit (Loss) on rental properties	283,919	(553,093)
	<u>455,651</u>	<u>(501,478)</u>
Net interest and other income	703,671	410,241
OPERATING EXPENSES		
Occupancy	236,571	165,792
Personnel	172,204	199,154
General business	106,019	149,186
Computer costs	29,268	20,617
Members' security	6,669	4,781
Organizational	4,116	5,102
Marketing	2,001	11,428
	<u>556,848</u>	<u>556,060</u>
PROFIT (LOSS) FOR THE YEAR	146,823	(145,819)

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Statement of Operating Expenses - Abaco Branch
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020	2019
	\$	\$
<u>Occupancy</u>		
Building maintenance	120,252	18,807
Depreciation - building	81,449	87,554
Utilities	17,722	38,925
Building security	17,148	20,506
	236,571	165,792
<u>Personnel</u>		
Salaries	121,305	140,048
Medical and pension	31,862	38,845
Staff benefits	9,950	5,035
National insurance	6,049	7,122
Travel, training and development	3,038	8,104
	172,204	199,154
<u>General business</u>		
Insurance	50,637	42,642
Equipment maintenance	20,228	12,639
Value Added Tax (VAT)	14,338	17,985
Depreciation - furniture & fixtures	8,928	43,277
Stationery and supplies	3,580	2,847
Professional fees	2,036	1,582
Armoured car services	1,795	6,095
Bank charges	1,743	18,932
Vehicle expenses	1,459	2,240
Insurance - motor vehicle	762	766
Courier and postage	613	632
Other general expense	(100)	(451)
	106,019	149,186
<u>Computer costs</u>		
Internet	18,779	6,160
Computer hardware - depreciation	7,067	9,500
Software subscription	2,829	3,497
Computer software - depreciation	575	1,148
Computer stationery and ATM expense	18	312
	29,268	20,617
<u>Members' security</u>		
Bond insurance	6,669	4,781
<u>Organizational</u>		
Stabilization fees	4,116	4,059
Board and committee travel	-	700
AGM and anniversary expenses	-	334
Board and committee meetings	-	9
	4,116	5,102

(Continued)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE
CREDIT UNION LIMITED**

Statement of Operating Expenses - Abaco Branch
(Expressed in Bahamian dollars)

For the year ended December 31, 2020

	2020	2019
	\$	\$
<i>Marketing</i>		
Advertising and promotions	1,901	9,431
Marketing	100	100
Donations and gifts	-	1,897
	2,001	11,428
	556,848	556,060
		<i>(Concluded)</i>

BUDGET FOR YEAR 2021 & 2022

	Budget 2021 Combined	Budget 2020 Combined	Actual 2020 Combined	Est. Budget 2022 Combined
1 FINANCIAL REVENUE:				
2 Interest on General Loans	7,838,048	6,550,000	6,271,558	8,443,000
3 Interest on Mortgage Loans	2,785,650	2,336,000	2,081,998	3,013,000
4 Loan Service Fees	766,500	643,000	615,543	829,000
5 Interest on Statutory & Liquidity Reserves	730,000	695,000	624,079	767,000
6 Interest on Govt. & Bridge bonds	845,000	852,000	917,006	845,000
7 Interest on Deposits	330,000	452,000	409,494	330,000
8 Interest on Royal Fidelity Investments	215,000	261,000	296,192	215,000
9 Loan Skip Payment Fees	67,450	47,000	36,320	107,000
10 Late Loan Payment Fees	123,600	117,100	149,634	123,000
11 Dividends	130,200	118,000	120,864	130,000
12 Entrance Fees	13,650	(18,500)	(18,432)	14,000
13 Share Account Withdrawal Fees	108,150	81,500	89,796	130,000
14 ATM and Credit Card Fees	31,500	17,000	24,120	56,000
15 Service Fees	35,700	30,900	27,247	37,000
16 Rebate on LP/LS Insurance	108,150	103,000	215,438	103,000
17 Account Closing and Other Income	7,350	7,000	25,696	7,000
88 Insurance Settlements	-	160,000	159,829	-
90 Gain on sale of property	-	-	724,350	-
18 Total Operating Income	14,135,948	12,452,000	12,770,730	15,149,000
19 OPERATING EXPENSES:				
20 Interest on Regular Deposits	1,045,450	990,000	987,100	1,040,000
21 Interest on Fixed Deposits	1,786,020	1,925,000	1,576,157	1,562,000
22 Bad Debt Expense	1,650,940	2,148,000	4,469,993	1,245,000
23 Salaries and Overtime	2,327,800	2,205,000	2,149,494	2,317,000
24 N.I.B., Medical and Pension	479,400	459,000	402,872	481,000
25 Staff Benefits, Uniforms and Meetings	85,000	84,000	137,015	-
26 Staff Training and Conferences	129,200	103,000	16,866	109,000
27 Staff Travel	31,350	32,000	8,267	34,000
28 Depreciation - Furn. and Equip.	223,000	155,000	133,289	223,000
29 General and Automobile Insurance	150,000	131,000	196,609	172,000
30 Legal, Audit and Professional fees	172,000	143,000	397,127	214,000
31 VAT Expense	192,610	178,000	246,125	196,000
32 Equipment Maintenance	140,000	137,000	91,404	143,000
33 Office Supplies	59,000	57,000	52,981	61,000
34 Armoured car services	33,000	31,000	24,845	35,000
36 Automobile maintenance and gas	20,000	21,000	19,306	19,000
37 Bank and investment charges	117,000	113,000	99,910	121,000
38 Courier and postage fees	8,240	7,300	6,620	9,000
39 Collector's Fees and Teller's Allowances	24,000	171,000	12,907	25,000
40 LP/LS Insurance	435,000	424,000	438,056	446,000
41 Bond Insurance	37,000	35,000	32,273	39,000
42 Utilities	263,160	252,000	206,607	264,000
43 Depreciation - Buildings	436,000	359,000	328,581	436,000
44 Building Maintenance	175,420	282,000	317,513	301,000
	10,020,590	10,442,300	12,351,915	9,492,000

Balance carried forward				
BUDGET FOR YEAR 2021 & 2022				
	Budget 2021 Combined	Budget 2020 Combined	Actual 2020 Combined	Est. Budget 2022 Combined
	10,020,590	10,442,300	12,351,915	9,492,000
45 Balance brought forward	-	-	-	-
46 Building Security	187,000	183,000	161,398	192,000
47 Property Tax	28,369	24,000	25,512	26,000
48 Office Rent (Toronto)	22,000	21,000	21,314	23,000
49 Board - Travel	1,000	1,000	-	2,000
50 Board - International Conferences	38,000	-	311	15,000
51 Board - Training and Local Conferences	2,000	2,000	22	2,000
52 Board - Out-of-pocket expenses	44,500	35,000	34,980	44,500
53 Board and Committee Meetings	2,500	2,500	2,214	2,500
54 Supervisory Committee - Travel	6,000	5,000	-	6,000
55 Supervisory Committee - Training and Conferences	2,000	2,000	1,150	7,000
56 Supervisory Committee - Out-of-pocket expenses	9,000	7,000	7,000	9,000
57 Credit Committee - Training and Conferences	-	-	-	5,000
58 Credit Committee - Out-of-pocket expenses	9,000	6,000	6,000	9,000
59 Education Committee - Training and Conferences	-	-	-	3,000
60 AGM	15,000	10,000	-	-
61 Anniversary Activities	7,000	7,000	6,384	7,000
62 Stabilization fees	55,000	54,000	53,076	56,000
63 Directors and officers insurance	5,000	4,000	4,982	5,000
64 Membership - Training and education	6,000	6,000	365	6,000
65 Depreciation - Computer software	506,000	235,000	41,505	506,000
66 Maintenance - Computer systems	16,000	15,000	14,432	17,000
67 Software - System maintenance	184,000	180,000	135,465	183,000
68 Software - System security	129,000	125,000	92,114	129,000
69 Software - General applications	264,000	260,000	223,031	211,000
70 Software - Department applications	82,000	80,000	47,273	82,000
71 Computer supplies	38,000	36,000	29,507	40,000
72 Depreciation - Computer hardware	90,000	85,000	79,106	90,000
73 Internet	190,000	185,000	189,626	195,000
74 Advertising and promotion	113,050	99,000	76,652	103,000
75 Marketing and Membership Drive	19,950	20,000	11,108	18,000
76 Donations	11,000	10,000	1,850	12,000
77 Contributions to Junior Co-operatives	9,000	7,500	-	9,000
78 Total Operating Expenses	12,111,959	12,149,300	13,618,291	11,507,000
79 FINANCIAL NET INCOME/(LOSS)	2,023,988	302,700	(847,561)	3,642,000
INVESTMENT PROPERTY				
80 Rental Income and CAM charges	1,045,000	891,000	909,840	932,000
87 Insurance Settlements	-	985,000	985,273	-
PROPERTY EXPENSES				
81 Dep. Investment properties	711,000	741,000	679,473	695,000
82 Investment property expenses	798,774	1,281,000	743,328	729,000
83 Total PROPERTY Expenses	1,509,774	2,022,000	1,422,801	1,424,000
84 NET INCOME/(LOSS) PROPERTY	(464,774)	(146,000)	472,311	(492,000)
NET INCOME/(LOSS)				
	1,559,215	156,700	(375,250)	3,150,000
85 (Increase)/Decrease in valuation reserve	-	-	(11,483)	
86 TOTAL COMPREHENSIVE INCOME	1,559,215	156,700	(363,767)	3,150,000

SUPERVISORY COMMITTEE REPORT



The Supervisory Committee consists of three Members of the Credit Union who are elected on a rotational basis at the Annual General Meeting.

The Committee has oversight responsibility for monitoring the business affairs of the Credit Union. In that capacity, the Supervisory Committee provides an objective, supervisory function, ensuring that the Teachers and Salaried Workers Cooperative Credit Union Ltd operates within established policies and procedures of the institution and in compliance with the Bahamas Co-operative Credit Unions Act 2015. Additionally, the committee seeks to ensure business practices are uniformed across the various branches, ethical and appropriate for the benefit of the members. We meet with and work closely with the Internal Audit and Compliance Departments and report our findings and recommendations to Management and the Board of Directors for their necessary action. Having completed our work independently from the Board of Directors, this report to the Annual General Meeting is a summary report.

We are pleased to announce that the Abaco staff returned to the Credit Union building in October 2020 after being relocated to the Grand Bahama and New Providence offices as a result of damages done to the Credit Union building during Hurricane Dorian in 2019.

Unfortunately, the year 2020 was ushered in with an unprecedented world pandemic known as the coronavirus or COVID-19. The pandemic affected the normal operations of the Credit Union in a tremendous way. Due to the ongoing restrictions and the necessary protocols guided by the health professionals, full working hours per day were reduced to half day working hours for staff on March 23, 2020. From the onset of the pandemic, hand sanitizers, thermometers (temperature checks) were installed. In addition, masks and shields were made available to management and staff. Fortunately, normal working hours resumed on May 25, 2020 with COVID-19 protocols being strictly enforced.

In addition, due to the restrictions, the supervisory committee team was unable to travel to both branches in Abaco and Grand Bahama as usual. However, we are confident that we will be able to travel to the branches on those islands to review and inspect operations this year, 2021.

The main areas noted:

1. **Delinquency**

The delinquency rate is still a major challenge in the operations of the Credit Union and stands just over three times the Pearls Ratio Standard of 5%. Increased efforts must be made to reduce the delinquency rate that will also reduce the loan loss provision and thus increase the profitability of the credit union. This must be noted from the writing of a loan and throughout the life of every loan written. We stand with the Board of Directors and Management as they seek to arrest the rising delinquency rate.

2. Loans

Increasing the loan portfolio to grow interest income is needed to prevent the erosion of the credit union base and increase profitability. This is our only salvation from certain destruction. The Supervisory Committee urges the Board of Directors and Management to actively review interest rates which will bring a change in our market share of and move us into a more positive direction to attract members with the ability to pay loans from our competitors.

3. Compliance Matters

On April 27, 2020, the compliance manager (Mrs. Megan Saunders -Dean) moved on from the Credit Union to pursue other endeavors. The Supervisory Committee thanks Mrs. Saunders-Dean for her service to the Teachers and Salaried Workers Co-operative Credit Union Ltd. and its members.

After carrying out due diligence, the Compliance Manager position was filled on June 2, 2020 by Mr. Randy Taylor, who is well experienced and a great addition to the Credit Union.

Initiatives Implemented

The following initiatives were introduced by the compliance department:

- ◆ On June 15th, 2020 – **Internal Caution List**
- ◆ In July 2020 – **High Risk Client Review forms**
- ◆ On July 12th, 2020 - **The Monitor Newsletter** (5 issues published to date)
- ◆ On July 3rd, 2020 – **General PEP Listing** (documenting local internal and external PEPs)
- ◆ **Account Opening Cheat Sheet**
- ◆ **Compliance Regulatory Requirements Database**
- ◆ **Compliance Queries Log** (documenting all issues raised to compliance)
- ◆ **Declaration of Source of Funds (DSF)** daily reviews (transactions exceeding \$10K)
- ◆ **Office of Foreign Asset Control (OFAC)** monthly scrub for known terrorists & sanctioned parties

4. Internal Audit Matters

A significant number of audits and reviews have been successfully completed and the Internal Audit Plan while progressing well, is coming to an end (December 31, 2020). A new Internal Audit Plan is well into the planning stage and should be completed for approval for the next three calendar years beginning January 1, 2021.

Mrs. Joanne Bowe, a highly motivated and very experienced Internal Auditor who recently joined the Credit Union family took on the lead role in the Internal Audit Department in early 2020. We commend Mrs. Bowe for her devotion to the department and the Credit Union's overall success.

The Internal Audit department increased with two additional staff:

- ◆ Mr. Marcus Cooper (He was added to the Edit Clerk function)
- ◆ Ms. Bodeisha Rolle (She was added as an Audit Clerk after serving in the capacity as Edit Clerk)

5. Staffing and Human Resources

We are pleased to note that while many of our competitors may have laid off staff or even furloughed many others

the Credit Union saw it fit to maintain the staff compliment where possible. We have had some retirements during the period and a few resignations, but overall the staff was kept employed even in the midst of the pandemic and for this we the Supervisory Committee commends the Board of Directors and Management.

6. Training: To ensure the management and staff deliver at the highest level of performance standards training must be a continuous business activity and while strides have been made in this regard, we understand the constraints of training in the current environment. We also note the training efforts put on by the compliance department. The compliance department extended a number of training opportunities for management and staff. Training administered by compliance department includes:

- By August 12, 2020, facilitated AML Direct Training 2020 for 100% of staff at TSWCCUL
- On September 7, 2020, facilitated Telephone E-mail & Fax Agreement (TEFA) training for Member Services Department
- On September 11, 2020 facilitated direct AML training for Board of Directors
- October 7 – 8, 2020, facilitated Account Opening 101 training for Customer Facing Employees & Internal Audit

The Supervisory Committee looks forward to training by the Compliance Department during next year as we adjust to the current environment and utilize technology to ensure the safety of all.

CONCLUSION

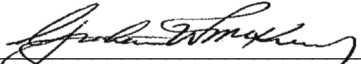
We commend the Board of Directors, Management and Staff for their due diligence in ensuring that our credit union continues to see significant growth as we continue to be the best Credit Union in The Commonwealth of The Bahamas.

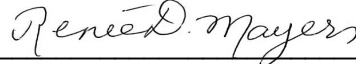
Notably, the effect of COVID-19 has impacted members in a plethora of ways. Despite this, we are optimistic that all of our members will indeed rise up on a pinnacle of resiliency as they continue to chart their lives back to some sort of normalcy. As we know, the Credit Union understands, cares and our number one priority is to put all of our members first all the time.

The overall success of this organization depends on each of us playing a vital role; every member-owner; staff member-owner and committee member. We encourage everyone to play your role effectively in assisting with the overall success of the organization by making it your number one financial institution and encouraging fellow members to meet their financial commitments. We further encourage you to participate in every opportunity your credit union puts on to educate, serve and preserve you.

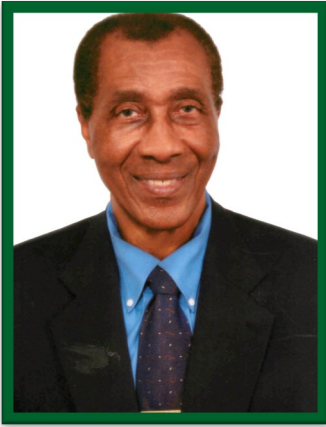
Your Supervisory Committee,

Committed to serve you!


Graham McKinney – Chairman


Renee Mayers - Secretary


Shavado Gibson- Member



CREDIT COMMITTEE REPORT

The year 2020 was challenging due to the aftermath of Hurricane Dorian and the onset of the COVID-19 pandemic which negatively impacted our economic environment. Nevertheless, we pressed on, operating in this severely depressed market.

The Credit Committee members are:

Chairman - Ernest J Bowe
Secretary- Bernadette Davis Smith
Patrick Smith (resigned at the beginning of the year) (Board Appointed) - Sharon Rahming
(Board Appointed) - Theresa Deleveaux
(Consultant, Dave George Urich)

In accordance with Section 78 of The Bahamas Co-operative Credit Union Act, 2015, the committee:

- Met every month, with the exception of 4 months (April, May, August, October) due to Emergency Order imposed by the competent authority;
- Kept minutes of its meetings;
- Submitted monthly reports to the Board of Directors;
- Submitted an Annual Report to the Annual General Meeting

The Credit Committee evaluates outstanding issues pertaining to credit risks within the Credit Union. A residual chart was developed which outlines the process for addressing residual credit matters.

The Board of Directors expanded the Credit Committee mandate and practices to include increase risk management oversight. Along with the Supervisory Committee, we must adequately document decisions and discussions for tracking and follow-up in our respective Minutes.

LOANS

At the end of the year (31.12.20):
Total Loans \$83,186,709.03
Total number of Loan Accounts 3508
Total Delinquency \$16,332,494.53
Total number of Delinquent Accounts 430

TOTAL LOANS APPROVED IN 2020

The Loan Department approved a total of \$11,319,355.34 during the year 2020. The Committee selected some of these to review. The selection was conducted by random sampling to ensure that these loans were properly

approved within the policy guidelines. Based on the random sample of loans reviewed, the committee found them to be satisfactory.

These loans requested were mainly for medical, home improvement, various personal expenses, debt consolidations, travel, and educational purposes. The lending ceiling on consumer loans is \$100,000 which is protected by insurance with The Bahamas Co-operative League Limited.

DECLINED/DEFERRED LOANS REASONS

Loans were declined based upon the inability of members to repay, high loan exposures and debt service ratios, net pay below the required 25%, insufficient collateral, and the restriction period still in effect. Deferred loans mainly required supporting documentation, legal advice, and verification of information unavailable during the review process. Other reasons for declined/

deferred loans were: applicant unemployed, need to have satisfactory confirmation on the check off (i.e. stability of company/employer) and lack of stable income (business closed).

CONCLUSION

The Committee wishes to thank you, the shareholders, for the opportunity to serve you during 2020. We remain cautiously optimistic as we move into an uncertain 2021. It is our hope that you will continue to place your confidence in us as we work together to make TSWCCUL the number one Financial Institution within The Bahamas. Special thanks to Management and Staff and in particular the Loans, Mortgage, and Collection Departments for their valuable assistance and guidance throughout 2020.

We will continue to enhance our relationship with our Regulator (The Central Bank of The Bahamas). We pledge to do all within our power to comply with the Regulatory requirements and to continue to discharge our duties with honesty, integrity, and transparency.

May Almighty God continue to bless our Credit Union, you the members, and all stakeholders of TSWCCUL. May God bless the Commonwealth of The Bahamas.

Thank you!



Ernest J. Bowe
Chairman



EDUCATION COMMITTEE REPORT



Prepared by: Ms. Barbara Bowe, Chairperson
Period: January 2020-December 2020

EDUCATION COMMITTEE MEMBERS:

Ms. Barbara Bowe-Chairperson
Mrs. Doreth Campbell-Secretary, Chaplain

EDUCATION COMMITTEE BOARD LIAISON:

Mrs. Edna Ginton

STAFF LIAISON:

Mrs. Yvonne Rahming-Marketing Manager
Mrs. Rhonda Arthur-Marketing Department

The word of the Lord in Psalm 34 and verse 1 declares, **“I will bless the Lord at ALL times: his praise shall continually be in my mouth!”** Yes, we give God ALL of the praise in spite of the fact that 2020 has truly been an unusual year for many and the work of the Education Committee was no exception.

There were many internal and external changes as of January 2020. First, our Committee consisted of two individuals. One of our members matriculated into another committee while others were asked or decided to vacate their positions for personal reasons. Second, the pandemic and health protocols compounded the situation. As a result, no formal meetings or informational sessions were held. In spite of these setbacks, we are grateful for having been given the opportunity to serve.

We extend heartfelt thanks to **Mrs. Yvonne Rahming**, as she has served as a **constant and consistent support**. Also, we highlight the efforts of, **Mrs. Edna Ginton**, our Board Liaison. She continues to **encourage** and **build** all who serve around her. Further, we take this time to remember and thank past Education Committee Board Liaisons **Mr. Henry Campbell, Mrs. Italia Seymour, and the Late Mrs. Geraldine Stevens**. Their **immense contributions** and **ev-**

erlasting legacies will never be forgotten!

I am eternally grateful for the opportunity to have served on this committee and among such dedicated Bahamians. As I leave this committee to pursue other endeavors, I take with me **MANY** fond memories!

I know that in 2021, in spite of the **changing** times we are presently coping with, the Education Committee will continue to serve with the level of **EXCELLENCE** we are all accustomed to.

Submitted by,

B. Bowe

Barbara L. Bowe

Chairperson

Education Committee

TSWCCU Ltd.



2021 RESOLUTIONS

RESOLUTION 1

WHEREAS the audited accounts for 2020 indicate that there are sufficient funds to provide a cash interest to shareholders of the Teachers and Salaried Workers Co-operative Credit Union Limited, and

WHEREAS the Directors have determined that after the payment of such interest the Company will be able to meet all of its continuing obligations and provide adequate funds for reinvestment in the business;

BE IT RESOLVED that this Annual General Meeting approves payment of One and a Quarter Percent (1.25%) Interest on Regular Share (RS) Deposits; One and a Quarter Percent (1.25%) Interest on Mortgage Security (MG); Three Quarter Percent (0.75%) Interest on Interest Reinvestments; Three Quarter Percent (0.75%) Interest on Retirement Accounts; Three Quarter Percent (0.75%) Vacation & Christmas Club (VC/C2); One Half Percent (0.50%) Interest on Deposit Accounts (D1); One Half Percent (0.50%) Interest on Share (Savings) Deposit (SD).

RESOLUTION 2

APPOINTMENT OF AUDITORS

BE IT RESOLVED that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2021.

RESOLUTION 3

REMUNERATIONS

CONSIDERING The Bahamas Co-Operative Credit Union Act, of 2015 that came into effect in June of 2015. The Act provides for the remuneration of directors and committee members in connection with their duties as directors or a committee member of a cooperative credit union. Remunerations for the purpose of the Act, includes any honorarium, stipend or payment in cash or in kind, however designated.

WHEREAS, Section 58 of the Act provides for directors and members of a committees to be paid any remunerations, the amount must be fixed (agreed) and ratified by resolution each year at the annual general meeting.

BE IT RESOLVED, and **RATIFIED** that remunerations to Directors and Committee Members be fixed and ratified as follows:-

Part (i): DIRECTORS

(a) That the remuneration (stipend) for Directors be fixed and ratified at Five Hundred, and Thirty dollars (\$530.00) per month each, in arrears, until the next annual general meeting in 2022.

Part (ii): SUPERVISORY AND CREDIT COMMITTEE MEMBERS

(a) That the remuneration for Supervisory Committee and Credit Committee members be fixed and ratified at Two Hundred and Fifty dollars (\$250.00) each per month, in arrears until the next annual general meeting in 2022.

NOMINATION & ELECTION GUIDELINES

The Nominations Committee shall consist of two (2) elected persons and three (3) directors, none of whom should be up for election.

The function of the Nomination Committee is to ensure that those persons putting their names forward for nomination to the Board, Supervisory Committee, Credit Committee or Nomination Committee are persons who have the requisite education, skill sets and have attended educational sessions put on by the Education Committee over the years.

The Nomination Committee is to meet the week following the close of nominations to scrutinize all applications for nomination.

The practice adopted by the Nomination Committee with respect to retiring Board or Committee Members, is to automatically recommend those persons to the Annual General Meeting.

The Nomination Committee's role is to ensure the "*audi alteram partem rule*" is enforced, which means to ensure that fairness prevails and that there is transparency. If there is a concern about an application, rather than not considering it, the applicant should be interviewed.

Nomination should be put forth for only one position. If a nominee is currently the holder of an unexpired lesser position, then he/she must resign said position to be considered for the higher position.

All applicants are required to have current Credit Union experience, training and attended Co-operative Credit Union educational workshops (Ratified by the 40TH Annual General Meeting minutes 20/5/17). Nominees must have at least attended the last Annual General Meeting.

All nominees are to be written to in advance of the date of the Annual General Meeting informing them of the success or rejection of their application

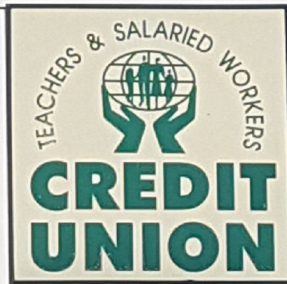
BYE-LAWS:

XIII ELECTIONS

- 45 (1) The following procedures shall apply to the conduct of elections in keeping with section
48 (2), (3)(b) and 49 of the Act and its regulations.
- a) At each annual general meeting the membership shall appoint a nomination committee;
 - b) The nomination committee shall nominate at the Annual General Meeting at least one member for each vacancy for which elections are to be held;
 - c) After the nomination committee's candidates have been placed before the members, the chairman shall outline the fit and proper requirements as outlined in the Act to the membership and then ask for any nominations from the floor;
 - d) Each nominee introduced, either by the nominating committee or from the floor shall indicate his acceptance;
 - e) Where the number of nominees does not exceed the number of persons to be elected, the Chairman shall declare all the nominees elected;
 - f) If there is a need for elections, it shall be by ballot and shall be determined by a majority vote except where there is no contest;
- (2) No member may be elected to the Board, the Credit committee, the Supervisory committee unless he or she has satisfied the fit and proper requirements as set in the Regulations.

TEACHERS AND SALARIED WORKERS COOPERATIVE CREDIT UNION LIMITED

“Service & Products You Can Trust”



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