

**45TH
ANNUAL
REPORT
2022**

**MEMBER FOCUSED
MEMBER DRIVEN**



TSWCCUL

TEACHERS & SALARIED WORKERS
CO-OPERATIVE CREDIT UNION LTD.



TABLE OF CONTENTS

AGENDA	Page 2
PRAYER OF ST. FRANCIS OF ASSISISI.....	Page 3
STANDING ORDERS	Page 3
BOARD OF DIRECTORS	Page 4-9
SUPERVISORY COMMITTEE	
CREDIT COMMITTEE	
NOMINATIONS COMMITTEE	
EDUCATION COMMITTEE	
SENIOR MANAGEMENT TEAM	
MANAGEMENT TEAM	
SUPERVISORS	
EMPLOYEES	
RETIRING BOARD & COMMITTEES MEMBERS	Page 10
FORTY-FORTH ANNUAL GENERAL MEETING MINUTES	Page 11-18
BOARD OF DIRECTORS REPORT.....	Page 19-20
TREASURER’S REPORT..	Page 21-23
KEY FINANCIAL DATA	Page 24
FIVE YEAR FINANCIAL SUMARY	Page 25
AUDITORS REPORT	
FINANCIAL STATEMENTS FOR THE YEAR-ENDED DECEMBER 31, 2021:	Page 26-82
* Statement of Financial Position	
* Statement of Comprehensive Income	
* Statement of Changes in Equity	
BUDGET 2022-2023	Page 83-84
SUPERVISORY COMMITTEE REPORT	Page 85-88
CREDIT COMMITTEE REPORT	Page 89-90
RESOLUTIONS	Page 91
NOMINATION & ELECTION GUIDELINES	Page 92



AGENDA

CALL TO ORDER Chairman

INVOCATION
NATIONAL ANTHEM
PRAYER OF ST. FRANCIS OF ASSISI

Apologies

Reading of AGM Notice Secretary of the Board

Ascertainment of Quorum Vice Chairman of the Board

Greetings: Bahamas Co-operative League Limited

Protocol for Meeting Vice Chairman of the Board

Minutes of Last Meeting Secretary of the Board

Matters Arising Chairman of the Board

Board of Directors Report Chairman of the Board

Treasurer's Report Treasurer of the Board

Audited Financial Statements Budget

Supervisory Committee Report Committee Chairman

Credit Committee Report Committee Chairperson

Resolutions Secretary of the Board

Distribution of Interest
Appointment of Auditors
Any other Resolutions

Nomination Committee Report Committee Chairman

Ratification for the Extension of Terms:
Board

Supervisory Committee
Credit Committee

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



Graham McKinney
ASST. TREASURER



EDNA GLINTON
ASSISTANT SECRETARY



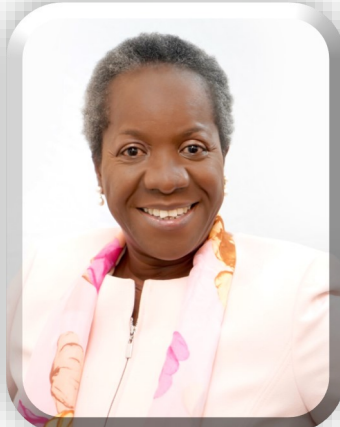
HENRY CAMPBELL
DIRECTOR



SUPERVISORY COMMITTEE



Shavado Gibson
Chairman

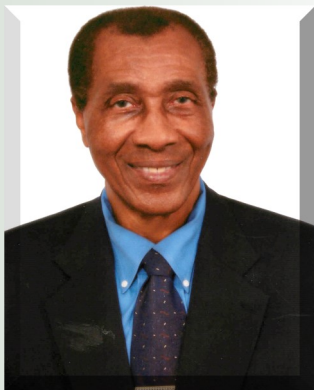


Sophia Thompson-Williams
Secretary



Renee Mayers
Member

CREDIT COMMITTEE



E. J. Bowe
Chairman



Shena Williams
Secretary



Bernadette Davis-Smith
Member

NOMINATIONS COMMITTEE



Barbara Bowe



Doreth Campbell



Merrell Barnett



MANAGEMENT TEAM



Byron Miller
General Manager



Randolph Minnis
Chief Operations Treasury Risk



Sophia Moss
Sr. Branch Manager



Lynette Moore
Financial Controller



Jarrod Thompson
Sr. I.T. Manager



RANDY TAYLOR
HEAD COMPLIANCE MANAGER



Elaine Ferguson
Business Dev. Manager



Tonia Percentie
Branch Manager (FPO)



Hadassah Marche
Branch Manager (AB)



SHARELL BASTIAN
LOANS MANAGER



JOANNE BOWE
INTERNAL AUDITOR



JACQUELINE WHYMNS
H.R. MANAGER



Jamison Davis
Collections Manager



Barone Coleby
Property Manager



Coretta Rolle
Credit Risk Manager



MANAGEMENT TEAM CONT'D



MARIO DALEY
AST. FINANCIAL CONTROLLER



Joanne Gibson
Asst. Manager Credit



G. Camille Burrows
Asst. Manager Data Info.



Bianka Brown
Asst. Branch Manager

SUPERVISORS



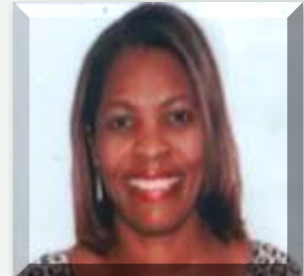
SAMANTHA COLEBROOK
OPERATIONS SUPERVISOR



CLAUDETTE DANIEL
SUPERVISOR MEMBER SERVICES



FELONIE SHEPHERD
TELLER SUPERVISOR



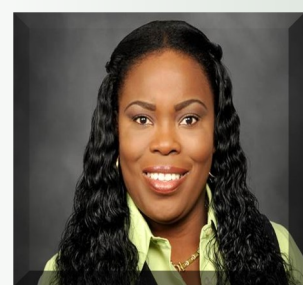
MARIA RHODRIQUEZ
CORPORATE ADMINISTRATOR



NATHANIEL TAYLOR
COMPLIANCE ANALYST



MCÁLEX CORNEILLE
I.T. SUPERVISOR



CINDY EDGECOMBE
BRANCH SUPERVISOR

EMPLOYEES/LINE STAFF



EVELYNDA SMITH
CLERK III H.R.



TALOV WILSON
CLERK III BUS. DEV.












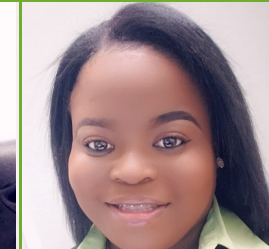











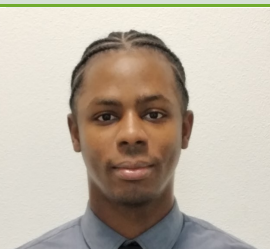


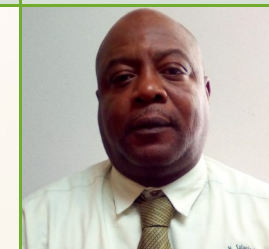
KENDRICK MINNS
CLERK III (COLLECTIONS)



BETTY HANNA
CLERK III (COLLECTIONS)







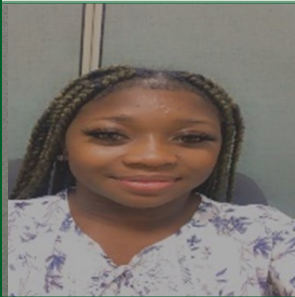









EMPLOYEES CONT'D

				
TERRENCE SMITH CLERK III COLLECTIONS	GORDON WARD CLERK III/RECORDS	TINA BUTLER CLERK III/INT. AUDIT	SHEILAMAE SANDS CLERK II	EARLA MOSS CLERK II LOANS
				
CORENE MOXEY CLERK II (MS)	LARHUE MCPHEE CLERK II ABACO	GIOVANNI WILLIAMS ACCOUNTS CLERK II	CHRISTINE ANTOINE ACCOUNTS CLERK II	PHILENDRA SYMONETTE CLERK II LOANS
				
TIFFANY COOPER CLERK II	NADIA JOHNSON HEAD TELLER	SHANIKA BAILLOU CLERK II (FREEPORT)	DONNA DARVILLE CLERK II (MORTGAGE)	DEMETRIA SEYMOUR CLERK II COMPLIANCE
				
CAMILLE ROLLE CLERK II (FREEPORT)	RICARDO ADDERLEY CLERK II (MS)	ZSIA POITIER CLERK I RECORDS	SEKERON DORSETTE CLERK I (TELLER)	JAMAL FRASER CLERK I (TELLER)
				
DAVINYA LIGHTBOURNE CLERK I (CARD SERV)	BRANDO POITIER CLERK I (I.T.)	KERTISHA RUSSELL CLERK I (TELLER)	NIGELLA THOMPSON CLERK I (ABACO)	TROY BABBS CLERK I (ABACO)



EMPLOYEES/LINE STAFF CONT'D

			
SHAKIA JOHNSON CLERK I ABACO	BRANDON JONES CLERK I (TELLER)	LESON THURSTON CLERK I (TELLER)	STEPHANIE WILLIAMS LOANS CLERK I
			
FAITH ROLLE CLERK I FREEPORT	T'NESHA DEVEAUX LOANS CLERK I	JERICKA LIGHTBOURNE LOANS CLERK I	OMARA STRACHAN CLERK I COLLECTIONS
			
JHADE HENDFIELD CLERK I FREEPORT	LANA SIMMONS CLERK I (MS)	DANIELE MARTIN CLERK I COLLECTIONS	BRITNEY MOSS CLERK I INT. AUDIT
			
	RONNIE MORTIMER JR. CLERK I (MS)	AZARIA GRIFFIN CLERK (MS)	



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/	2022	2023	2024
Cheryl Bowe-Moss	2019		*	
Henry Campbell	2021			*
Theresa Deleveaux	2018	*		
Edna Ginton	2019		*	
Graham McKinney	2021			*
Sharon Rahming	2018	*		
Italia Seymour	2021			*

RETIRING SUPERVISORY COMMITTEE MEMBERS

Supervisors	Elected/Reelected	2022	2023	2024
Shavado Gibson	2021		*	
Sophia Thompson-Williams	2021			*
Renee Mayers	2021	*		

RETIRING CREDIT COMMITTEE MEMBERS

Member	Elected/Reelected	2022	2023	2024
Ernest J. Bowe	2018	*		
Bernadette Davis-Smith	2019		*	
Shena Williams	2021			*

APPOINTED NOMINATIONS COMMITTEE MEMBERS

Barbara Bowe
Doreth Campbell
Merrell Barnett



TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

Minutes of the

44TH ANNUAL GENERAL MEETING

Theme: “Financial Security in Uncertain Times”

1.0 CALL TO ORDER

- 1.1 The 44th Annual General Meeting (AGM) of the Teachers and Salaried Workers Co-operative Credit Union Limited was called to order at 10:19 a.m. by Chairperson, Mrs. Sharon Rahming. She welcomed all to the first online Annual General Meeting.

2.0 PRAYER

- 2.1 Mrs. Maria Rhodriquez led with an opening prayer.
- 2.2 The Prayer of St. Francis of Assisi was recited by all.

3.0 APOLOGIES

- 3.0 Apologies relayed for the Chairman of the Credit Committee, Mr. E. J. Bowe who was out of town and the Chairman of the Education Committee, Ms. Barbara Bowe.

4.0 IN MEMORIAM

- 4.1 A moment of silence was observed for members who are no longer with us notably former Board Chairman Mr. Donald Symonette who was laid to rest a week before the meeting. May their souls rest in peace and rise in glory.

5.0 READING OF THE ANNUAL GENERAL MEETING NOTICE

- 5.1 Secretary, Mrs. Cheryl Bowe-Moss read the Notice of the 44th AGM.

6.0 GREETINGS BAHAMAS CO-OPERATIVE LEAGUE LIMITED

- 6.1 Note was made that there was no representative of the Bahamas Co-operative League Limited present.

7.0 ASCERTAINMENT OF QUORUM

- 7.1 Vice Chairman Mrs. Italia Seymour stated that at 10:19 a.m. there were one hundred (100) registered members on the virtual platform which meets the required one hundred (100) persons for a quorum.

8.0 PROTOCOL FOR MEETING

- 8.1 The protocol for the meeting were presented by Vice Chairman Mrs. Italia Seymour from the Standing Orders.

9.0 READING OF THE 43RD AGM MINUTES

- 9.1 Motion for the 43rd AGM minutes to be taken as read and to dispense with the reading was moved by Mr. Graham Mckinney, seconded by Mrs. Bernadette Davis-Smith, and was carried.



10.0 MATTERS ARISING

10.1 No matters were tendered.

11.0 MOTION TO ACCEPT THE 43RD AGM MINUTES

11.1 Motion to accept the 43rd AGM Minutes was moved by Mrs. Bernadette Davis Smith, seconded by Mr. Graham Mckinney, and was carried.

12.0 BOARD OF DIRECTORS' REPORT

12.1 Chairman Mrs. Sharon Rahming read the Board of Directors Report (see report on page 25-28 of the booklet for complete details).

12.2 The floor was opened for questions via the chat – none was proffered.

12.3 Motion to accept the Board of Director's Report was moved by Mrs. Bernadette Davis Smith, seconded by Mr. Graham Mckinney, and was carried.

13.0 TREASURER'S REPORT

13.1 The Treasurer's Report for the year ending December 31st, 2020, was presented by Treasurer Ms. Theresa Deleveaux. The following was highlighted (see report on page 25-28 of booklet for complete details).

13.2 Assets totaled \$220,271,298 a decrease of -1.85%.

13.2.1 The decrease in Assets is a result of loan reduction.

13.3 Liabilities totaled \$198,450,115 a decrease of -1.95%.

13.3.1 The decrease in Liabilities is a result of the reduction in Members Deposits.

13.4 Equity totaled \$21,821,183 a decrease of -1.01%

13.5 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 in a Total Comprehensive Loss totaling \$363,767.

13.6 PEARLS RATIO ANALYSIS

13.6.1 As of 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% ($> 10\%$)

13.7 CONCLUSION

Treasurer Ms. Theresa Deleveaux extended thanks and appreciation to Management and staff especially the Finance Department for the assistance rendered. She thanked her fellow Board and Committee Members for the confidence, cooperation and support shown over the past years. An appreciation of thanks was extended to the membership, for the opportunity to serve.

- 13.8 Motion to approve the Treasurer's Report for the year ending December 31, 2021 was moved by, seconded by and was carried by majority online pole.

14.0 EXTERNAL AUDITOR'S REPORT

The External Audit Firm Baker Tilly's representative, Mr. Paul Gomez presented the External Audit Report found on pages 36 to 100, highlighted as follows (see report for complete details):

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.

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.

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.

15.0 2020-2021 PROPOSED BUDGET

15.1 Treasurer, Ms. Theresa Deleveaux presented the 2020-2021 proposed Budget found on page 100-101.

15.2 Motion to approve the budget for 2020-2021 was moved by Mr. Henry Campbell, seconded by Mrs. Italia Seymour and was carried by majority online pole.

16.0 SUPERVISORY COMMITTEE REPORT

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

16.2 Motion to dispense with the reading of the Supervisory Committee Report was moved by Mrs. Cheryl Bowe-Moss, seconded by Mr. Henry Campbell and carried.

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

16.4 Motion to accept the Supervisory Committee Report was moved by Mr. Henry Campbell, seconded by Ms. Theresa Deleveaux and was carried.

17.0 CREDIT COMMITTEE REPORT

17.1 Mrs. Bernadette Davis, Secretary of the Credit Committee was invited to present the Credit Committee report in the absence of Mr. E.J Bowe, the Chairman.



- 17.2 Motion to dispense with the reading of the Credit Committee Report was moved by Mr. Graham Mckinney, seconded by Mrs. Italia Seymour, and was carried.
- 17.3 The floor was opened for questions and nil was tendered.
- 17.4 Motion to accept the Credit Committee Report was moved by Mrs. Cheryl Bowe-Moss, seconded by Mr. Graham Mckinney, and was carried.

18.0 RESOLUTIONS

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

18.1 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).

18.1.1 Resolution 1 passed by majority vote via online pole

18.3 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.

18.3.1 Resolution 2 passed by majority vote via online pole

18.4 RESOLUTION 3

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

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

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.

18.4.1 Resolution 3 passed by majority vote via online pole

19.0 ELECTIONS

19.1 The following members were elected for the Board of Directors

1. Mrs. Italia Seymour
2. Mr. Henry Campbell
3. Mr. Graham Mckinney

19.2 The following members were elected for the Supervisory Committee

1. Mrs. Sophia Thompson-Williams (highest votes – will serve 3 years)
2. Mr. Shavado Gibson (will serve 2 years)
3. Ms. Renee Mayers (will serve 1 year)

19.3 Credit Committee

1. Ms. Shena Williams was appointed unopposed.

20.0 VOTE OF THANKS

The vote of thanks to members who attended the virtual meeting was presented by Assistant Treasurer Mrs. Edna Ginton.

21.0 ADJOURNMENT

Chairperson Mrs. Sharon Rahming thanked everyone for attending the virtual meeting. The meeting was then adjourned.

Sharon Rahming
Chairperson

Cheryl Bowe-Moss
Secretary



MEMBERS IN ATTENDANCE ONLINE AT THE 44TH ANNUAL GENERAL MEETING

Members

1. Antoine, Christine	36. Duncombe, Keffie	72. Martin, Jasmin	108. Rolle, Patrinella
2. Arthur, Rhonda	37. Edwards, Carol	73. Mayers, Renee	109. Rolle, Prenell
3. Azeez, Sally	38. Edwards, Vincent	74. McCartney, Marie	110. Sands, Della
4. Barnett, Thelma	39. Farrington, Veronica	75. Mcintosh, Michelle	111. Saunders, Jill
5. Barry, Juel	40. Flowers, Idena	76. Mckenzie, Roberta	112. Scavella, Sharon
6. Bonamy, Kerry	41. Forbes, Bernadette	77. McKinney, Graham	113. Seymour, Antoinette
7. Bowe, Sherman	42. Ford, Shenique	78. Mclaughlin, Errol	114. Seymour, Keith
8. Bowe-Moss, Cheryl	43. Forde, Elonia	79. McNeil, Dauran	115. Seymour, Italia
9. Bowleg, Lisa	44. Gardiner, Shernell	80. Miller, Byron	116. Smith, Evelynda
10. Brathwaite, Keilli	45. Gibson, Nerissa	81. Miller, Dhaska	117. Smith, Lynda
11. Brice, Trevor	46. Gibson, Odessa	82. Miller, Lanza	118. Smith, Michelle
12. Briggs, David	47. Gibson, Shavado	83. Minnis, Randy	119. Smith, Nadia
13. Brown, Bianka	48. Ginton, Edna	84. Monroe, Melvenia	120. Smith, Sheila
14. Brown, Elva	49. Ginton, Karin	85. Moore, Lynette	121. Smith, Zina
15. Butler, Dorothy	50. Gray, Latania	86. Moore, Predensa	122. Stubbs, Catherine
16. Butler Jr., Wesley C	51. Hall, Pamela	87. Mortimer, Denise	123. Stubbs, Raquel
17. Campbell, Doreth	52. Hanna, Arlington	88. Mortimer, Theresa	124. Sturrup, Sharlean
18. Campbell, Henry	53. Hinsey, Angela	89. Moss, Cheryl	125. Sweeting, Cindy
19. Chambers, Annette	54. Horton, Anna	90. Moss, Irene	126. Symonette, Philendra
20. Clare, Rosetta	55. Huyler, Natasha	91. Moss, Sophia	127. Taylor, John
21. Clarke, Antoinette	56. Isaacs, Leslie	92. Moxey, Corene	128. Thompson, Julie
22. Colebrook, Mariqutta	57. Joffre, Shantell	93. Neely, Jacqueline	129. Tucker, Deatrice
23. Colebrooke, Maegan	58. Johnson, Erica	94. Nicolls, Rosemarie	130. Walkin, Rochelee
24. Coleby, Barone	59. Johnson, Willamae	95. Nottage, Penelope	131. Whymns, Jacqueline
25. Collie, Melveta	60. Julien, Marjorie	96. Parker, Sonali	132. Williams, Giovanni
26. Collie, Veronica	61. Kajokaya, William	97. Pierre, Dalina	133. Williams, Shena
27. Cooper, Marcus	62. Kelly, Virginia	98. Poitier, Alfred	134. Williams, Sonia
28. Cox, Philip	63. King, Dwight	99. Poitier, Wendy	135. Williams, Sophia
29. Cunningham, Welbourne	64. Knowles, Kim	100. Poitier, Zsia	136. Wilson, Belinda
30. Curtis, Randolph	65. Leathen, Jacqueline	101. Pratt, Caudray	137. Zonicle, Deborah
31. Daley, Mario	66. Lightbourn, Juliet	102. Pratt, Lynette	
32. Daniel, Claudette	67. Lightbourne, Davinya	103. Rahming, Sharon	<u>TOTAL MEMBERS 138</u>
33. Dean, Orion	68. Longworth, Kerry	104. Raymond, Gwendolyn	
34. Deleveaux, Andrea	69. Major, Cheerese	105. Rhodriquez, Maria	<u>External Auditors</u>
35. Deleveaux, Theresa	70. Marche, Hadassah	106. Robinson, Philippa	1. Gomez, Paul
	71. Martin, Dangle	107. Rolle, Eleanor	2. Pinili, John



BOARD OF DIRECTORS REPORT

At the beginning of 2021, Board and Management shared a sense of optimism following a year that was ravaged by fears, disappointments and challenges brought on by the COVID-19 Pandemic. Not only did we adjust our sails, but we demonstrated our commitment to the Core Values and sought to maintain the “simplicity” of the Credit Union Movement.

CORE VALUES:

- We value dedication to understanding and meeting our members’ financial needs.
- We recognized and reward the contribution of staff and believe that qualified, loyal and committed professionals are our most valuable assets.
- We practice prudent business planning and cost management strategies to ensure financial viability and responsible growth.
- We embrace change and continually seek ways to provide quality, cost effective services that meet or exceed our members’ expectations.
- We seek to establish a relationship of trust and respect with our members and value integrity as an organization.

We are committed to providing service to our members. We will go above and beyond what is required to attract and retain valued relationships. Our goal is to build relationships.

Under its “Revive and Grow” Strategy, Board and Management placed significant focus on new member onboarding, launched competitive products and greater community visibility across social media platforms. We seek to work in partnership with our members to realize the achievement of personal financial goals.

Financial Enterprises across the Bahamian Archipelago, and around the world, were adapting to change that was so demanding that it left little opportunity for business as usual. Enterprises found it necessary to adjust business strategies or risk the chance of being obsolete and irrelevant overnight. Adjustments to business plans were mandatory and required creative thinking, reallocation of resources and a commitment where they were. This was executed through the implementation of technological solutions that facilitated access to the entity.

As a result, this increased the ease of doing business while expanding sales and service opportunities. Loan interviews were held virtually, and information was provided through email where electronic service channels were “polished” and made more user friendly. While customers at other financial institutions found it increasingly difficult to gain access to their company, members of Teachers and Salaried Worker Co-operative Credit Union continued to enjoy unrestricted access to financial resources, product and services that improve their satisfaction, confidence, and loyalty.

During the year 2021, membership increased as 1,352 were onboarded. New members were able to access the Credit Union on the spot, opening accounts as walk-ins or via online service. They were not compelled to wait for weeks and months to become a member in comparison to other financial institutions. The new members were provided International Debit Cards to their convenience at a cost that remains consistently lower than local competitors. From the 1,352 persons onboarded, approximately 852 (62%) were below forty years of age. This is the second year in succession that the Credit Union has experienced greater growth within this age demographic when compared to other age categories. This is evidence that Board and Management’s Strategy of transforming the fu-



ture of the Credit Union by Attracting the next generation is working. The average age of members has declined from 62 years to 52.3 years of age. As management continues market penetration through eblasts and other social media, they have attracted the interest of millennials as members.

A total of 16 persons were hired at the Credit Union while 14 employees exited in 2021. Employee retention remain relatively high at 82% with many of our long serving staff members remaining in place. These are important indicators that employee loyalty remains strong and stable. The Board wishes to extend gratitude to Management and Staff on their services rendered.

TECHNOLOGY UPGRADE: As the organization grows in terms of member count, deposits, and loans, technologies are being incorporated. The installation of the new Automated Teller Machines at the Main Branch (Nassau) and the Abaco Complex are finally completed. They are accessible to members and located in a safe environment. Our Online Banking Application together with Mobile Banking App places the Credit Union in a prime position for meeting the needs of our members.

Economic Challenges induced by the pandemic impacted our members in significant ways. Loan delinquency (past due payments > 30 days) at its highest point during 2021 was reported to be 22.13% and 18% at its lowest. During this difficult season, Management demonstrated empathy to delinquent members, offering “skipped payments” and refinancing were possible to bring relief to individuals and households. All accounts that were placed on interest payments only during the previous year, once Management confirmed that these members returned to work, the Credit Union enforced regular monthly payments on their loans. Members that were in default of payment > 365 days had their matter referred to the Magistrate or Supreme Court for adjudication. The Collections Department realized satisfactory progress with respect to rehabilitating problematic or delinquent borrowers via monitoring arrangements for the possibility of restructuring debt to bring loan arrears current. Foreclosed or distressed properties were being advertised for sale.

Board and Managements efforts remain geared towards building a financially strong enterprise that meets the growing needs of the members. “People Helping People to Help Themselves” will forever be displayed by the treatment granted to “you”, the member. Board and Management are appreciative of your service. We pledge to continue to do our best, adding value along this transformative journey to making Teachers and Salaried Workers Co-operative Credit Union the best alternative to traditional banking across The Bahamas.

Sharon Rahming (Mrs.)
Board Chairman





TREASURER'S REPORT

It is an honor to present the Treasurer's report for the year ending December 31, 2021. Despite the depressed economy the Loan portfolio grew by \$8,227,856 and your Credit Union was still able to see a small profit.

Financial Condition

As at 31st December, 2021, Teachers and Salaried Workers Co-operative Credit Union assets totaled **\$214,613,863** a decrease of **\$5,657,435** or **-3%** compared with 31st December 2020 balance of **\$220,271,298**. Liabilities totaled **\$191,798,907** showing a decrease of **\$6,651,208** or **-3%** compared with December 2020 balance of **\$198,450,115**. Equity totaled **\$22,814,956** showing an increase of

\$993,773 or **5%** compared with December 2020 balance of **\$21,821,183**.

OPERATION

Income & Expenses:

For the year under review, the Credit Union's operational profit and loss statement showed total income of **\$10,533,742** and total expenses **\$10,424,992** resulting in a net profit of **\$108,750**. Comprehensive Operations Income totaled **\$581,323** resulting in a Comprehensive income totaling **\$690,073**. During 2022 the Board and Management will 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.

The break-down by branches are:-

Nassau - Income for the year ending 31st December 2021 totaled **\$7,794,679**, Expenses totaled **\$7,346,463** resulting in a Net Profit of **\$448,216**. Net Profit on Investment Property totaled **\$262,249**

Grand Bahama - Income for the year ending 31st December 2021 totaled **\$2,114,292**, Expenses totaled **\$1,218,377** resulting in a Net Profit of **\$895,915**. Net Loss on Investment Property totaled **\$15,958**.

Abaco - Income for the year ended 31st December 2021 totaled **\$912,889**, Expenses totaled **\$2,148,270** resulting in a Net Loss of **\$1,235,381**. Net Loss on Investment Property totaled **\$1,014,253**.

HIGHLIGHTED EXPENSES

Item	December 2021	December 2020	Variance	Budgeted
Board & Committee Development & Travel	\$0	\$1,482	\$1,482	\$49,000
Staff, Travel, Training & Development	\$49,639	\$25,133	\$24,506	\$129,200
Salaries	\$2,198,560	\$2,149,204	\$49,356	\$2,327,800
Staff Benefits	\$550,410	\$539,805	\$10,605	\$445,140
Members Education	\$50	\$365	\$315	\$6,000
Board & Committees Out-of-pocket expense	\$53,910	\$47,980	\$5,930	\$62,500
Board & Committee Meetings	\$5,212	\$2,214	\$2,998	\$2,500
Loans Provision	\$4,509,845	\$5,199,892	\$690,047	\$2,307,940
Bad Debt Investment Property	\$70,508	\$7,025	\$63,483	\$29,000
Investment Property	\$1,879,536	\$1,429,825	\$449,711	\$1,509,774
Advertising & Promotions	\$46,780	\$76,652	\$29,872	\$113,050
Marketing	\$20,638	\$8,812	\$11,826	\$15,950
Donation	\$1,625	\$1,850	\$225	\$11,000
Vat Expenses	\$168,408	\$246,125	\$77,717	\$192,610



INVESTMENT PROPERTIES ANALYSIS

Property	Income As At Dec. 2021	Provision	Expenses	Net Income / (Loss)	Rent Receivable
East Street Office Complex	\$471,019	\$0	\$257,636	\$213,383	\$277,606
TWD Highway Plaza	\$198,200	\$0	\$149,334	\$48,866	\$7,787
Freeport Plaza	\$194,744	(\$3,904)	\$178,786	\$15,958	\$107,262
Abaco Complex	\$279,528	(\$74,412)	\$1,293,780	\$(1,014,253)	\$141,253
Income/loss as at Dec. 31, 2021	\$1,143,491	\$70,508	\$1,879,536	\$(7,36,045)	\$533,908

As at 31st December, 2021 outstanding rent receivable from current tenants totaled **\$533,908** of which **\$174,413** 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 2021, was slightly above the required 10% of assets totaling \$23,477,586 (\$21,461,386) or 10.94% a favorable overage of \$2,016,200.

LIQUIDITY RESERVE DEPOSIT

Liquidity Reserves held with the League totaling \$20,748,503 (\$18,918,293) or 10.97% slightly above the required PEARLS ratio standard of 10% of total member deposits resulting with a favorable overage of \$1,830,210 as at December 31, 2021.

MEMBERS EQUITY

Total Equity stood at \$22,814,956 or 10.63 % of total Assets (\$21,461,386).

DELINQUENCY

For the year ending December 31, 2021, 385 delinquent loans totaled \$16,700,945, of which, loan loss provision totaling \$4,509,845 - in accordance with PEARLS had to be raised. Security held against delinquent loans totaled \$11,644,917 resulting in an exposure of \$5,056,028 to the Credit Union. Loans over 12 months remain the largest dollar amount category with 122 loans totaling \$10,772,603 representing 69.9% of total delinquent loans. Delinquent loans to total loans as at 31st December, 2021 stood at 18.15%, which is above the required PEARLS standard of 5%. Loans written off during the period totaled \$1,271,649 and recoveries of bad debt totaled \$345,602.

The Board continues to monitor Management's collection efforts in accordance with policy. All loans delinquent 365 days and over and deemed uncollectable, are in accordance with International Accounting Standards, should be outsourced 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, 2021, all but three (3) of Credit Union's PEARLS ratios were below the required accounting standard. During 2022, 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.

Teachers & Salaried Workers PEARLS Ratings

- Solvency 111.52 (>=111%)*
- Net Loans 37.71% (70-80%)*



- Financial Investment 16.19% (<2%)*
- Non-financial Investments 9.30% (0%)*
- Savings Deposits 88.15% (70-80%)*
- Institutional Capital 0.69% (>=10%)*
- Delinquency 5.51% (<=5%)*
- Non-earning Assets 8.23% (<=5%)*
- Net Income/Avg. Assets 0.32% (10%)*
- Statutory Reserves 7.46% (> 10%)
- Liquidity Reserves 10.97% (10%)
- Capital Ratio 10.63% (>10%)

NB. Ratios in red require correction/ improvement

CONCLUSION

Although the Credit Union made a profit during 2021 there is still much more to be done in order for us to yield a more profitable bottom line and become fully compliant with the Law. In order 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.

I wish to extend thanks and appreciation to Management and staff especially the Finance Department for the assistance rendered to me over the past six years that I served as Treasurer. To the Members, thank you for the confidence, cooperation and support shown over the past years.

I wish to apprise the membership of matter of grave concern regarding “Board Travel”. As at December 31, 2021, the Credit Union’s profit stood at \$108,750. In April 2022, the General Manager presented a comprehensive report outlining cutbacks to flatten the curve to increase the Credit Union’s bottom line which was approved by the entire membership of the board. Subsequently, a discussion for board to travel to World Council in Scotland was held. As Treasurer, I advised Board Members of several facts, but had the support of only two Board Members. Fact 1) the world was facing a pandemic; fact 2) members are financially strapped; fact 3) our Credit Union was not hosting a face-to-face meeting; and fact 4) the board was seeking approval of a resolution to reduce dividends from 1.25% to 1%. My submissions during the discussion on Board Travel did not sit well with the majority, even when it was advised that the matter should be discussed when in receipt of the financials.

Despite concerns raised, steps were taken to execute Board Travel with no regard to the bottom line. When the General Manager was asked to complete a costing for this trip if all board and committees’ members traveled, the cost was just under \$60,000.

When I was elected by you the members, my promise was that I will bring all matters of concern to the membership therefore, on behalf of the minority, (Board and the Regulator were advised that I would bring the matter to the AGM) I bring this matter to you the membership to decide if the board will travel when funds are not available.

Last, but not least, my sincere appreciation and thanks to you, the membership, for the opportunity to serve this great institution and I pledge to endeavor to ensure that first and foremost that you the members get the best returns on your investments, without you, there would be no Credit Union.

As we go forward in 2022 let us not only be recognized as the largest but rather the Credit Union with a difference providing the best quality products and services to the membership. To ensure continued growth, we must always remember that this organization belongs to us all. We must demand quality service, be committed, and continue to use and market the products and services of the Credit Union.

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

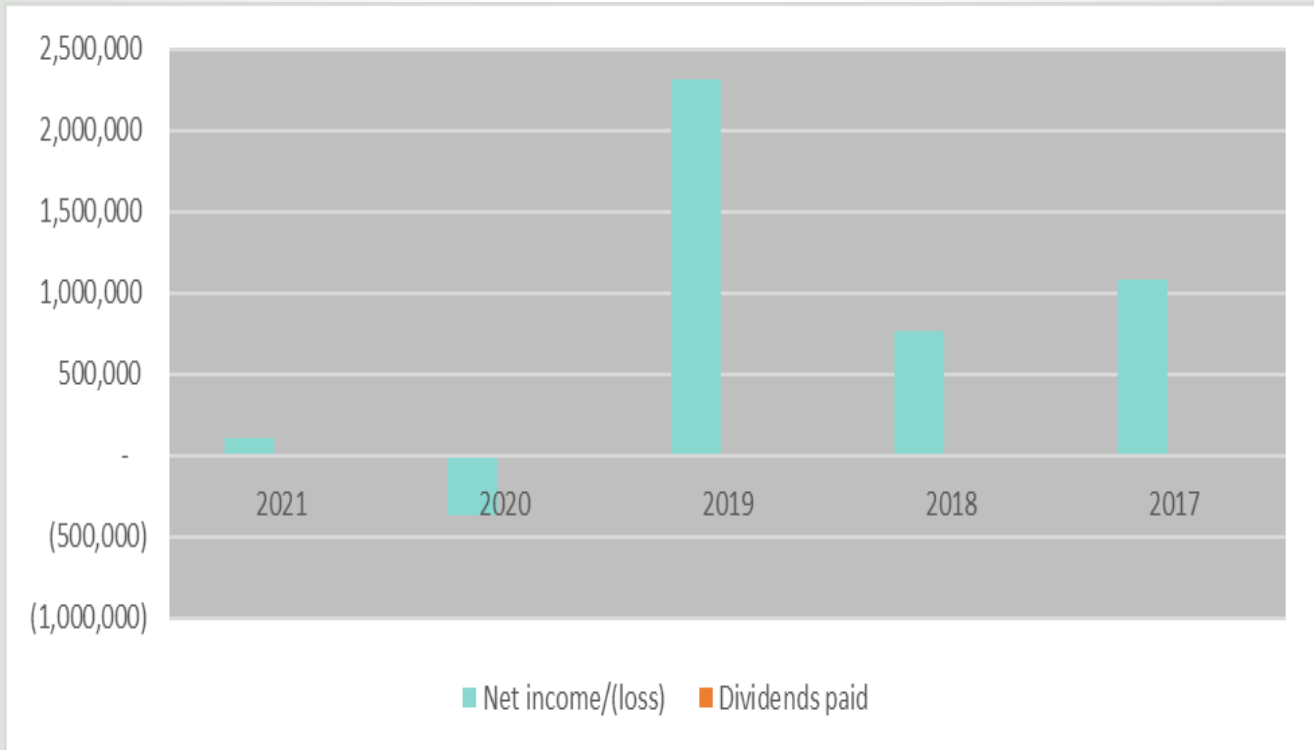
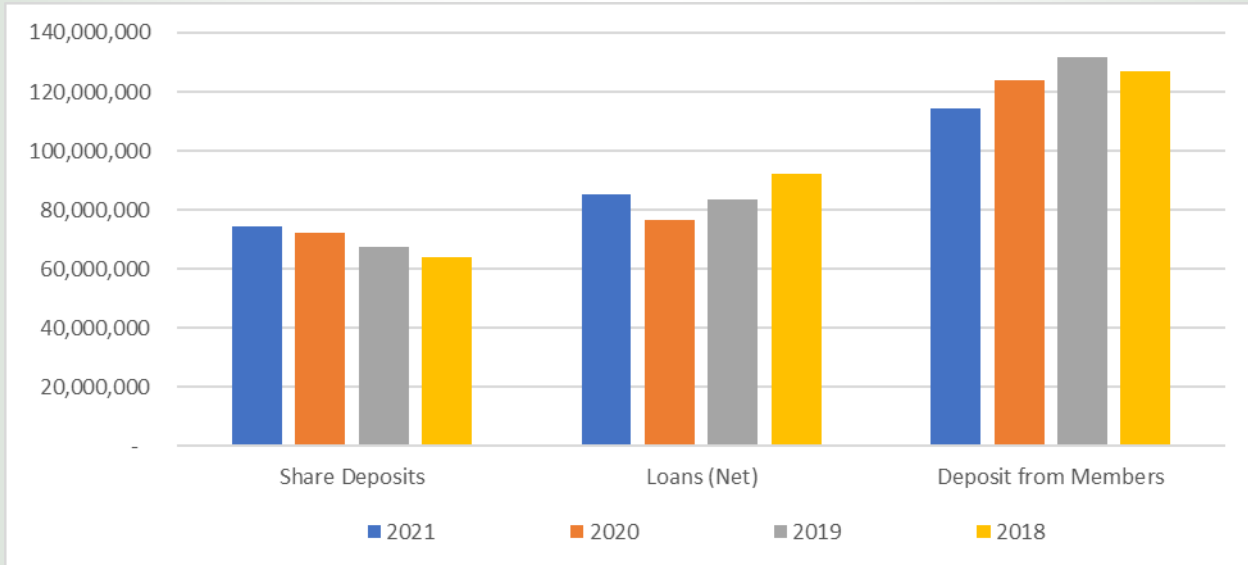
Theresa D. Deleveaux

Theresa D. Deleveaux
Treasurer ~ On behalf of The Board of Directors



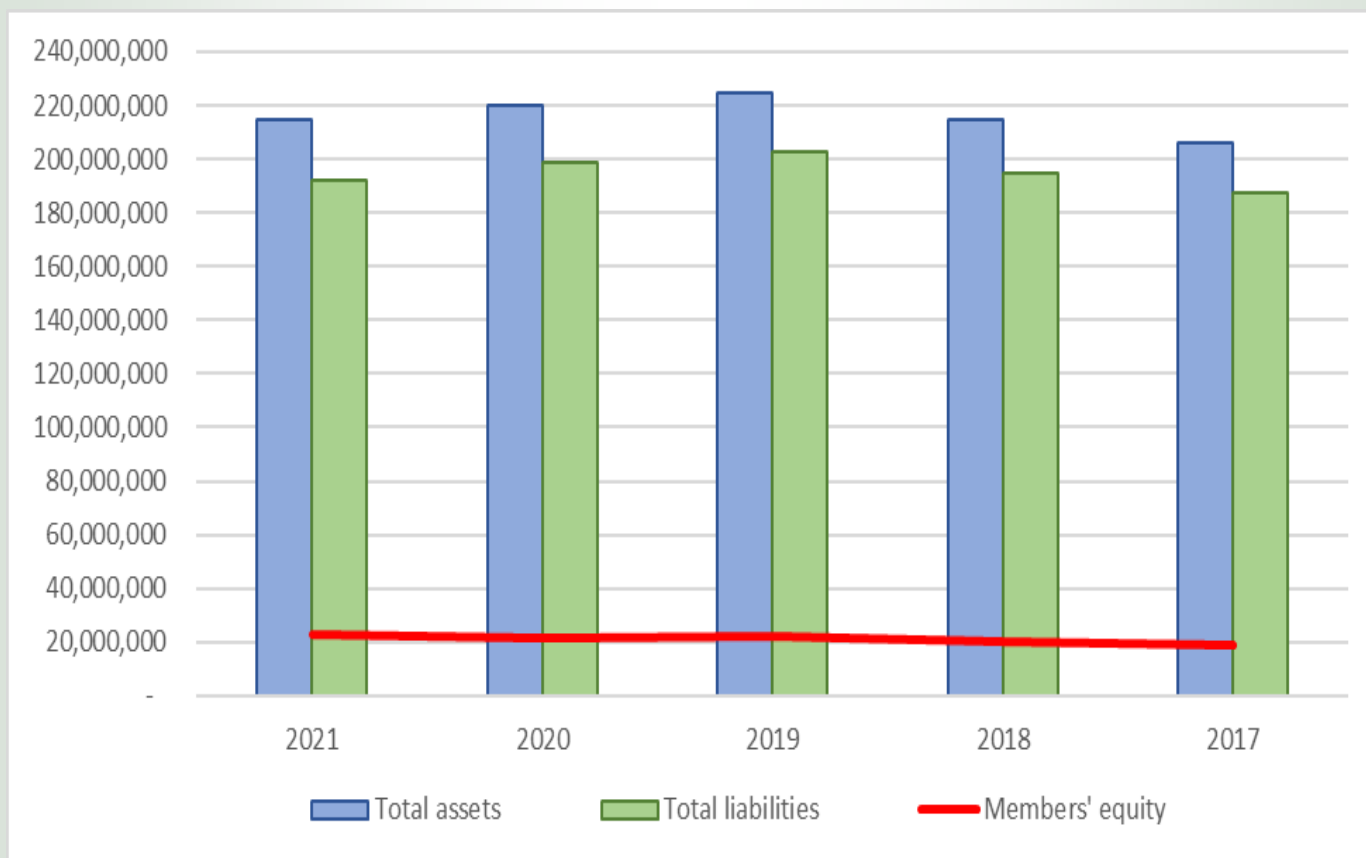
KEY FINANCIAL DATA PAST FOUR YEARS

	2021	2020	2019	2018
Share Deposits	74,619,452	72,313,319	67,502,001	64,179,576
Loans (Net)	85,443,606	76,431,091	83,675,577	92,361,087
Deposits From Members	114,563,476	123,777,850	131,876,565	126,893,293



FIVE-YEAR FINANCIAL SUMMARY (FIVE YEARS ENDED DECEMBER 2020)

	2021	2020	2019	2018	2017
Total assets	214,613,863	220,271,298	224,431,302	214,675,200	206,256,805
Total liabilities	191,798,907	198,450,115	202,388,002	194,683,302	187,190,721
Members' equity	22,814,956	21,821,183	22,043,300	19,991,898	19,066,084
Total revenue	10,553,742	13,948,517	13,966,883	14,515,098	14,051,512
Total expenses	10,424,992	14,323,767	11,648,559	13,747,483	12,963,334
Net (loss)/income	108,750	(375,250)	2,318,324	767,615	1,088,178
Dividends Paid	-	-	-	-	-



Financial Statement of

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

December 31, 2021



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

Financial Statements

December 31, 2021

C O N T E N T S

	Page
Independent Auditors' Report	1 – 2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Members' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 45
Independent Auditors' Report on Supplementary Information	46
Statement of Profit or Loss – Nassau, Head Office	47
Statement of Operating Expenses – Nassau, Head Office	48 – 49
Statement of Profit or Loss – Freeport Branch	50
Statement of Operating Expenses – Freeport Branch	51 – 52
Statement of Profit or Loss – Abaco Branch	53
Statement of Operating Expenses – Abaco Branch	54 – 55

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, 2021, 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, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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.

Other Matter

The Credit Union's financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 30, 2021.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is information included in the Credit Union's Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

ECOVIS Bahamas, Serenity House, East Bay Street, P.O. Box SS-6229, Nassau, The Bahamas Phone: +1 (242) 603-3410 Fax: +1 (242) 603-3430
E-Mail: nassau@ecovis.com Management: James B. Gomez, Noreen R. Campbell VAT-ID Number: 114394718 Headquarter: Nassau Registered in: The Bahamas

A member of ECOVIS International tax advisors accountants auditors lawyers in Algeria, Argentina, Australia, Austria, Bahamas, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Greece, Great Britain, Guatemala, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Morocco, Myanmar, Nepal, Netherlands, New Zealand, Norway, North Macedonia, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Republic of Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, USA (associated partners) and Vietnam.

ECOVIS International is a Swiss association. Each Ecovis member firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS Bahamas is a member firm of ECOVIS International.



INDEPENDENT AUDITORS' REPORT (Continued)

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

In preparing the financial statements, management is responsible for assessing the 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.

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.

Ecovis Bahamas
ECOVIS Bahamas
Chartered Accountants
Nassau, The Bahamas

May 16, 2022

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

Statement of Financial Position

December 31, 2021

(Expressed in Bahamian dollars)

	<i>Notes</i>	2021	2020
ASSETS			
Cash and cash equivalents	5	\$ 6,340,806	\$ 4,192,875
Time deposits with banks	6	12,549,190	26,413,495
Deposits with the League	7, 22	44,226,089	44,000,642
Loans receivable, net	8, 22	85,443,606	76,431,091
Other assets	9	2,651,695	7,375,800
Investment in the League	10, 22	33,800	32,600
Financial investments	11	34,749,013	35,196,888
Investment properties	12	19,949,810	19,985,519
Property, plant and equipment	13	8,669,854	6,626,118
Right-of-use assets		-	16,270
TOTAL ASSETS		\$ 214,613,863	\$ 220,271,298
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Members' regular deposits	14, 22	\$ 74,619,452	\$ 72,313,319
Other deposits	15, 22	114,563,476	123,777,850
Other liabilities	16	2,615,979	2,358,946
Total liabilities		191,798,907	198,450,115
MEMBERS' EQUITY			
Members' shares	17(i), 22	4,938,900	4,635,200
Statutory reserve	17(ii)	16,000,000	16,000,000
Fair value reserve	17(iii)	393,058	(188,265)
Retained earnings		1,482,998	1,374,248
Total members' equity		22,814,956	21,821,183
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$ 214,613,863	\$ 220,271,298

See notes to financial statements.

These financial statements were approved on behalf of the Board and authorized for issue on May 16, 2022, and signed on its behalf by:


Sharon Rahming
Chairman


Theresa Deleveaux
Treasurer

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

Statement of Comprehensive Income

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	Notes	2021	2020
INTEREST INCOME			
Loans	18, 22	\$ 7,230,651	\$ 8,967,599
Investments	18, 22	2,441,881	2,246,771
Total interest income		9,672,532	11,214,370
INTEREST EXPENSE			
Members' regular shares and other deposits	18, 22	(2,114,538)	(2,563,257)
Total interest expense		(2,114,538)	(2,563,257)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS			
Provision for loan impairment and expected credit losses	18	7,557,994	8,651,113
Recoveries of bad debts	8(ii)	(581,602)	(4,671,520)
	8(ii)	345,853	201,527
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS			
		7,322,245	4,181,120
NON-INTEREST INCOME/(LOSS)			
Other income	19	515,357	1,556,359
Net (loss)/profit from rental properties	20	(736,045)	472,313
Total non-interest (loss)/income		(220,688)	2,028,672
NET INTEREST AND OTHER INCOME		7,101,557	6,209,792
OPERATING EXPENSES			
Personnel	21, 22, 24	2,798,609	2,714,142
General business	21	1,097,640	1,214,072
Occupancy	21	926,847	1,039,611
Organizational	21, 22	156,344	116,482
Members' security	21	651,571	537,693
Computer costs	21	1,291,750	873,432
Marketing	21	70,046	89,610
Total operating expenses		6,992,807	6,585,042
PROFIT/(LOSS) FOR THE YEAR		108,750	(375,250)
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	17(iii)	581,323	11,483
TOTAL COMPREHENSIVE INCOME/(LOSS)		\$ 690,073	\$ (363,767)

See notes to financial statements.

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

Statement of Changes in Members' Equity

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	Notes	Members' Shares	Statutory Reserve	Fair Value Reserve	Retained Earnings	Total
Balance 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						
Net shares issued during the year	17(i)	324,400	-	-	-	324,400
Net shares redeemed during the year		(182,750)	-	-	-	(182,750)
Total transactions with members		141,650	-	-	-	141,650
Balance as at December 31, 2020		4,635,200	16,000,000	(188,265)	1,374,248	21,821,183
Comprehensive income for the year						
Profit for the year		-	-	-	108,750	108,750
Net change in unrealized gain on financial assets at FVTOCI	17(iii)	-	-	581,323	-	581,323
Total comprehensive income for the year		-	-	581,323	108,750	690,073
Transactions with members						
Net shares issued during the year	17(i)	474,450	-	-	-	474,450
Net shares redeemed during the year		(170,750)	-	-	-	(170,750)
Total transactions with members		303,700	-	-	-	303,700
Balance as at December 31, 2021		\$4,938,900	\$16,000,000	\$ 393,058	\$1,482,998	\$22,814,956

See notes to financial statements.

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

Statement of Cash Flows

For the year ended December 31, 2021
(Expressed in Bahamian dollars)

	2021	2020
Cash flows from operating activities:		
Profit/(loss) for the year	\$ 108,750	\$ (375,250)
<i>Adjustments for:</i>		
Depreciation and amortization	1,222,314	1,276,972
Interest income	(9,672,532)	(11,214,370)
Dividend income	(176,367)	(120,864)
Interest expense on members' regular shares and deposits	2,114,538	2,563,257
Provision for loan impairment and expected credit losses	581,602	4,671,520
Increase/(decrease) provision for rent receivable losses	70,508	(10,671)
Gain on disposal of investment property	-	(724,350)
	(5,751,187)	(3,933,756)
Changes in operating assets and liabilities:		
Interest received	9,639,883	9,320,976
Interest paid	(2,239,108)	(3,117,938)
Net (increase)/decrease in loans to members	(8,269,953)	2,877,353
Decrease/(increase) in other assets	4,592,072	(2,107,602)
Increase in members' regular deposits	2,306,133	4,811,318
Decrease in other deposits	(9,214,374)	(8,098,715)
Increase/(decrease) in other liabilities	381,603	(95,809)
Net cash used in operating activities	(8,554,931)	(344,173)
Cash flows from investing activities:		
Dividends received	176,367	120,864
Net decrease/(increase) in time deposits with banks	14,003,934	(9,319,463)
Decrease/(increase) in deposits with the League	407,160	(385,000)
Net acquisition of financial investments	(1,431,807)	(6,450,534)
Subscriptions of shares in the League	(1,200)	(1,200)
Purchase of property, plant and equipment	(2,610,913)	(107,774)
Purchase of investment properties	(144,379)	(147,985)
Net proceeds from disposal of investment property	-	1,950,000
Net cash provided by/(used in) investing activities	10,399,162	(14,341,092)
Cash flows from financing activities:		
Shares issued during the year	474,450	324,400
Shares redeemed during the year	(170,750)	(182,750)
Net cash provided by financing activities	303,700	141,650
Net increase/(decrease) in cash and cash equivalents	2,147,931	(14,543,615)
Cash and cash equivalents, beginning of year	4,192,875	18,736,490
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,340,806	\$ 4,192,875

See notes to financial statements.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

1. GENERAL

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").

2. LAWS AND REGULATIONS

During the year ended December 31, 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.

This regulatory framework affects these financial statements, and 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").
- b) **Basis of preparation** – These financial statements have been prepared under the historical cost convention except for certain financial investments which have been measured at fair value.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

i) Amended standards effective January 1, 2021

There are no new or amended accounting standards effective January 1, 2021 impacting the Credit Union's financial statements for the current period.

ii) New standard issued but not yet effective or adopted

The following amended standard has been issued but is not yet effective, and has not been early adopted. The Credit Union intends to adopt this standard when it becomes effective:

- IAS 1 (Amendment): Classification of Liabilities as Current or Non-current – In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement;
 - That a right to defer must exist at the end of the reporting period;
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Credit Union is currently assessing the impact the amendment will have on current practice and whether existing liabilities agreements may require renegotiation.

- 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 profit or loss in the statement of comprehensive income.

- 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, sand dollars, 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 90 days. These deposits are recognized in the statement of financial position at amortized cost using the effective interest method.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- h) **Deposits with the League** – Deposits with the League represent the proceeds of the statutory reserve 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.
- i) 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.
- ii) 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).

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 income (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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) ***Financial instruments*** *(Continued)*

iii) 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.

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 income (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.

Any gains or losses recognized in other comprehensive income (OCI) will not be recycled upon derecognition of the asset.

The Credit Union's financial investments in equity securities and investment in the League are classified as financial assets at FVTOCI.

iv) 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 income 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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) ***Financial instruments*** *(Continued)*

v) **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.

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 non-parametrically, 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 multi-horizon 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, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) **Financial instruments** *(Continued)*

vi) 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 income.

vii) 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.

- 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 transactions and balances are shown as such in these financial statements.

- 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.

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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

o) **Investment properties** *(Continued)*

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) **Leases**

The Credit Union as a lessor

The Credit Union leases out its investment properties. The Credit Union has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income arising is accounted for on a straight-line basis over the lease term and is included in profits/(losses) on rental properties in the statement of comprehensive income (see Note 20).

The Credit Union as a lessee

At inception of a contract, the Credit Union assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Credit Union assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Credit Union has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Credit Union has the right to direct the use of the asset. The Credit Union has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Credit Union does not have the right to control the use of the asset in the contract that it has to occupy the space for its Data Centre storage, therefore this does not qualify as a lease in accordance with IFRS 16 Leases, and therefore, the cost of the rental is carried as an expense and included in the computer costs category.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- q) **Property, plant and equipment** – Property, plant and equipment 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 income during the financial period in which they are incurred.

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
Motor vehicles	-	4 years
Computer system and equipment	-	5 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 income.

- 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 (2020: 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, 2021

(Expressed in Bahamian dollars)

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 value reserve** – Fair value reserve 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 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 income 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 income.
- 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.
- 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 income when they are due.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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:

i) *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.

Provision for loan impairment and expected credit losses incurred during the year amounted to \$581,602 (2020: \$4,671,520). The carrying values of the Credit Union's receivables, net of allowance for loan impairment and expected credit losses as at December 31, 2021 amounted to \$85,443,606 (2020: \$76,431,091).

ii) *Estimation of useful lives of property, plant and equipment*

Useful lives of property, plant and equipment 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 property, plant and equipment would increase the Credit Union's recorded operating expenses and decrease the assets.

Net carrying values of property, plant and equipment amounted to \$8,669,854 as at December 31, 2021 (2020: \$6,626,118).

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Interest Rate	2021	2020
<i>Cash at banks</i>			
FirstCaribbean International Bank (Bahamas) Limited	0.05%	\$ 2,709,233	\$ 160,831
Royal Fidelity - Cash account		2,134,316	2,032,213
Fidelity Bank Bahamas Limited - Savings account	1.25%	70,481	347,847
Fidelity Bank Bahamas Limited - Settlement accounts		127,775	170,239
The Central Bank of The Bahamas - RTGS		20,000	-
Bank of The Bahamas Limited - Current account		40,609	45,978
		5,102,414	2,757,108
Teller cash floats, ATM cash, vault holdings and Sand Dollars		1,238,392	1,435,767
		\$ 6,340,806	\$ 4,192,875

The Credit Union has a customs bond in the amount of \$5,000 with its Banker, FirstCaribbean International Bank (Bahamas) Limited.

The credit facilities are 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	2021	2020
Fidelity Bank Bahamas Limited	2.00%	\$ 5,397,787	\$ 17,914,046
FirstCaribbean International Bank (Bahamas) Limited - Nassau (i)	1.25%-1.50%	2,003,660	3,491,335
FirstCaribbean International Bank (Bahamas) Limited - Freeport	0.50%	8,154	8,114
Bank of The Bahamas	1.50%-2.50%	5,139,589	5,000,000
<i>Time deposits with banks in the statement of financial position</i>		12,549,190	26,413,495
Pledged as security (i)		(5,000)	(5,000)
		\$ 12,544,190	\$ 26,408,495

i) The time deposit with FirstCaribbean International Bank (Bahamas) Limited is hypothecated for the credit facility outlined in Note 5 in the amount of \$5,000.

Total interest income earned during the year amounted to \$384,310 (2020: \$409,494).

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

7. DEPOSITS WITH THE LEAGUE

Deposits with the League are comprised of the following:

	Interest Rate	2021	2020
Statutory reserve deposits (i)	1.42%-1.46%		
<i>Balance, beginning of year</i>		\$ 23,142,529	\$ 22,573,950
Additional deposits during the year		-	240,000
Interest earned during the year		335,057	328,579
<i>Balance, end of year</i>		23,477,586	23,142,529
Liquidity reserve deposits (ii)	1.44%-1.46%		
<i>Balance, beginning of year</i>		20,452,129	20,015,698
Additional deposits during the year		-	145,000
Interest earned during the year		296,374	291,431
<i>Balance, end of year</i>		20,748,503	20,452,129
Other deposits (iii)	1.00%		
<i>Balance, beginning of year</i>		405,984	401,944
Redemptions during the year		(407,160)	-
Interest earned during the year		1,176	4,040
<i>Balance, end of year</i>		-	405,984
		\$ 44,226,089	\$ 44,000,642

Total interest income earned during the year amounted to \$632,607 (2020: \$624,050).

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

	2021	2020
Statutory deposits with the League	\$ 23,477,586	\$ 23,142,529
Requirement (10% of total assets)	(21,461,386)	(22,027,130)
<i>Surplus in statutory reserve deposits</i>	\$ 2,016,200	\$ 1,115,399

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:

	2021	2020
Liquidity reserve deposits with the League	\$ 20,748,503	\$ 20,452,129
Requirement (10% of members' deposits)	(18,918,293)	(19,609,117)
<i>Surplus in liquidity reserve deposits</i>	\$ 1,830,210	\$ 843,012

iii) Other deposit held with the League was withdrawn during the year (2020: matured on April 14, 2021).

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

8. LOANS RECEIVABLE, NET

i) Loans receivable, net are as follows:

	Interest Rate	2021	2020
Real estate mortgages	4.75%-8.25%	\$48,280,080	\$35,866,063
Consumer	3.75%-16.00%	40,734,055	43,836,731
Chattel mortgages	3.75%-7.00%	1,509,127	1,963,469
Business	8.00%-11.00%	1,207,721	1,522,618
		91,730,983	83,188,881
Accrued interest		279,343	617,470
		92,010,326	83,806,351
Less: deferred loan service fees		(2,056,875)	(2,175,368)
Less: provision for loan impairment losses		(4,509,845)	(5,199,892)
		\$85,443,606	\$76,431,091

At December 31, 2021, non-performing loans on which interest accrual is suspended totaled \$14,192,855 (2020: \$12,950,706).

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

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

	2021	2020
<i>Allowance, beginning of year</i>	\$ 5,199,892	\$ 5,569,611
Net increase in provision for the year	581,602	4,671,520
Loans written off	(1,271,649)	(5,041,239)
<i>Allowance, end of year (Note 8(i))</i>	\$ 4,509,845	\$ 5,199,892
Provided for during the year	\$ 581,602	\$ 4,671,520
Recoveries of bad debts	(345,853)	(201,527)
<i>Impairment losses reported in profit or loss</i>	\$ 235,749	\$ 4,469,993

iii) Reconciliation of the Regulatory loan loss provision (PEARLS) and IFRS Expected Credit Loss provision is as follows:

	2021	2020
Regulatory (PEARLS) loan loss provision (Note iv)	\$ 347,134	\$ (3,031,232)
IFRS Expected credit losses (Note v)	(690,047)	(369,719)
Difference	\$ (342,913)	\$ (3,400,951)

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

8. LOANS RECEIVABLE, NET (Continued)

iv) Delinquent loans:

The following is a summary of delinquent loans:

As at December 31, 2021						
Period in Arrears	Number of Accounts in Arrears	Total Delinquent Loans	Value of Security	Credit Exposure	Loan Loss Provision	Provision Rate %
Within 1 month	25	\$ 1,186,991	\$ 645,641	\$ 541,350	\$ -	N/A
2 to 3 months	75	1,321,099	522,581	798,518	279,481	35%
4 to 6 months	29	382,606	99,332	283,274	99,146	35%
7 to 12 months	134	3,037,646	1,309,840	1,727,806	604,732	35%
Over 1 year	122	10,772,603	9,067,523	1,705,080	1,705,080	100%
	385	\$ 16,700,945	\$ 11,644,917	\$ 5,056,028	\$ 2,688,439	

As at December 31, 2020						
Period in Arrears	Number of Accounts in Arrears	Total Delinquent Loans	Value of Security	Credit Exposure	Loan Loss Provision	Provision Rate %
Within 1 month	2	\$ 33,846	\$ 4,425	\$ 29,420	\$ -	N/A
2 to 3 months	152	3,347,942	1,485,537	1,862,404	651,841	35%
4 to 6 months	78	1,879,162	1,248,379	630,783	220,774	35%
7 to 12 months	96	2,409,545	1,674,364	735,181	257,313	35%
Over 1 year	102	8,661,999	7,450,622	1,211,377	1,211,377	100%
	430	\$ 16,332,494	\$ 11,863,327	\$ 4,469,165	\$ 2,341,306	

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

8. LOANS RECEIVABLE, NET (Continued)

v) Impairment provision under IFRS:

As at December 31, 2021						
	Total Outstanding Balance	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total Allowance for ECL	Loan Loss Rate
Auto	\$ 1,509,127	\$ 11,423	\$ -	\$ 20,610	\$ 32,033	2%
Commercial and industrial line	192,953	13	-	-	13	0%
Commercial and industrial loan	1,128,976	44	-	88,983	89,027	8%
Consumer line	18,248,806	242,896	132,105	277,756	652,757	4%
Consumer loan	20,231,450	388,635	137,501	569,631	1,095,767	5%
Commercial real estate	7,939,069	250	-	866,147	866,397	11%
Residential real estate	41,614,013	6,518	1,946	1,765,387	1,773,851	4%
	\$90,864,394	\$ 649,779	\$ 271,552	\$ 3,588,514	\$ 4,509,845	
As at December 31, 2020						
	Total Outstanding Balance	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total Allowance for ECL	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	71,407	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	2,241,914	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	

vi) Concentration of loans:

At December 31, 2021, there was no member with loans (2020: one (1) - \$1,258,066), which exceeded 5% of total equity.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

9. OTHER ASSETS

Other assets represent the following:

	2021	2020
Other deposits (i)	\$ 1,118,556	\$ 4,509,053
Investments and deposits interest receivable	611,403	743,436
Prepaid expenses	420,011	339,525
Rent receivable, net of allowance for ECL \$174,413 (2020: \$103,905) (ii)	359,496	302,441
Security deposits	71,447	70,647
Accounts receivable - other	70,782	1,410,698
	\$ 2,651,695	\$ 7,375,800

i) During the year ended December 31, 2021, the following projects were completed and therefore the assets were reclassified and capitalized in investment properties and property, plant and equipment:

- The Data Center Project, the Disaster Recovery Project between Nassau and Canada, and ATM machines for the debit and credit card projects; and
- The repairs of the Abaco branch and mold remediation due to Hurricane Dorian in 2019.

There are still ongoing data projects and other deposits paid for assets that have not yet been completed, that remains in the other deposits account.

Once these projects are completed, the costs will be transferred to the relevant expenses or asset classifications.

ii) Provision for credit losses on rent receivable during the year amounted to \$70,508 (2020: \$7,025).

10. INVESTMENT IN THE LEAGUE

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

	2021	2020
<i>Balance, beginning of year</i>	\$ 32,600	\$ 31,400
Share subscriptions during the year	1,200	1,200
<i>Balance, end of year</i>	\$ 33,800	\$ 32,600

At December 31, 2021, the number of shares in the League held by the Credit Union totaled 676 (2020: 652).

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

11. FINANCIAL INVESTMENTS

- i) Financial investments are comprised of the following:

	2021	2020
<u>Amortized Cost:</u>		
The Bahamas Government Registered Stocks*	\$ 26,954,277	\$ 29,753,894
Corporate Bonds*	637,278	642,909
	<u>27,591,555</u>	<u>30,396,803</u>
<u>Fair Value Through Other Comprehensive Income (FVTOCI):</u>		
Quoted Equities *	2,717,706	1,500,374
Prime Income Fund - Series 2*	2,543,394	1,484,801
Preference shares*	1,553,373	1,583,348
Bank of The Bahamas Limited (136,448 ordinary shares (cost: \$918,276))	338,391	227,868
Arawak Port Development (115 ordinary shares (cost: \$1,150))	4,594	3,694
	<u>7,157,458</u>	<u>4,800,085</u>
	<u>\$ 34,749,013</u>	<u>\$ 35,196,888</u>

* These items include investments managed by Royal Fidelity, and at December 31, 2021 totaled \$12,672,128 (2020: \$12,231,430).

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

	2021	2020
<i>Balance, beginning of year</i>	\$ 4,800,085	\$ 4,053,373
Net movement during the year	2,299,320	728,356
Net change in unrealized gain on financial assets at FVTOCI	58,053	18,356
<i>Balance, end of year</i>	<u>\$ 7,157,458</u>	<u>\$ 4,800,085</u>

- iii) Investment income earned during the reporting period are as follows:

	2021	2020
Interest income	\$ 1,424,964	\$ 1,213,198
Dividend income	176,367	120,864
	<u>\$ 1,601,331</u>	<u>\$ 1,334,062</u>

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

12. INVESTMENT PROPERTIES

i) Details of investment properties are as follows:

	Vacant Properties	Rental Properties	Furniture and Fixtures	Total
<u>Cost</u>				
Balance at December 31, 2019	\$ 1,759,524	\$ 24,016,951	\$ 794,068	\$ 26,570,543
Additions	-	-	147,985	147,985
Disposals (i)	(1,225,650)	-	-	(1,225,650)
Balance at December 31, 2020	533,874	24,016,951	942,053	25,492,878
Additions	-	-	144,379	144,379
Balance at December 31, 2021	533,874	24,016,951	1,086,432	25,637,257
<u>Accumulated depreciation</u>				
Balance at December 31, 2019	-	4,317,947	509,939	4,827,886
Additions	-	550,411	129,062	679,473
Balance at December 31, 2020	-	4,868,358	639,001	5,507,359
Additions	-	550,410	104,727	655,137
Capitalization of major repairs (ii)	-	(475,049)	-	(475,049)
Balance at December 31, 2021	-	4,943,719	743,728	5,687,447
<u>Carrying value</u>				
As at December 31, 2021	\$ 533,874	\$ 19,073,232	\$ 342,704	\$ 19,949,810
As at December 31, 2020	\$ 533,874	\$ 19,148,593	\$ 303,052	\$ 19,985,519

i) 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.

ii) Major repairs to the roof of the building in Abaco is capitalized and set off against accumulated depreciation, since the original cost of the parts replaced is not known. This increases the carrying value of the property, without increasing the cost.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

12. INVESTMENT PROPERTIES (Continued)

ii) Carrying values of each investment property is as follows:

	Carrying Values	
	2021	2020
<u>Vacant Properties</u>		
Milo Butler Highway	\$ 206,111	\$ 206,111
Baillou Hill Road, South	63,431	63,431
#151 Central Pines, Abaco	264,332	264,332
Total vacant properties	533,874	533,874
<u>Rental Properties</u>		
East Street South	4,287,011	4,414,775
Tonique Williams-Darling Highway	1,200,920	1,250,653
Freeport	1,601,373	1,543,950
Abaco	12,326,632	12,242,267
Total rental properties	19,415,936	19,451,645
	\$ 19,949,810	\$ 19,985,519

iii) 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 Values	
		2021	2020
Milo Butler Highway	Vacant	\$ 280,000	\$ 261,000
Baillou Hill Road South	Vacant	90,000	85,000
East Street South	Land and building	5,750,000	5,750,000
Tonique Williams-Darling Highway	Land and building	3,100,000	3,100,000
Freeport	Land and building	1,969,400	1,673,541
Abaco Complex	Land and building	15,283,400	15,283,400
#151 Central Pines, Abaco*	Land and unoccupied building	125,000	178,000
		\$ 26,597,800	\$ 26,330,941

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

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

	Land	Buildings and Improvements	Furniture and Fixtures	Computer System and Equipment	Motor Vehicles	Total
<u>Cost</u>						
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
Additions	-	662,073	283,089	1,665,751	-	2,610,913
Disposals	-	-	(87,211)	-	-	(87,211)
Balance at December 31, 2021	689,535	9,912,337	2,280,975	3,659,005	174,585	16,716,437
<u>Accumulated depreciation</u>						
Balance at December 31, 2019	-	3,639,583	1,588,876	1,581,092	174,585	6,984,136
Additions	-	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
Additions	-	325,045	133,550	108,582	-	567,177
Disposals	-	-	(87,211)	-	-	(87,211)
Balance at December 31, 2021	-	4,293,209	1,768,504	1,810,285	174,585	8,046,583
<u>Carrying value</u>						
As at December 31, 2021	\$ 689,535	\$ 5,619,128	\$ 512,471	\$ 1,848,720	\$ -	\$ 8,669,854
As at December 31, 2020	\$ 689,535	\$ 5,282,100	\$ 362,932	\$ 291,551	\$ -	\$ 6,626,118

14. MEMBERS' REGULAR DEPOSITS

The movement in members' regular deposits are as follows:

	Interest Rate	2021	2020
Balance, beginning of year	1.25%	\$ 72,313,319	\$ 67,502,001
Add: savings and interest		54,643,955	51,014,004
Less: withdrawals and transfers		(52,337,822)	(46,202,686)
Balance, end of year		\$ 74,619,452	\$ 72,313,319

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

15. OTHER DEPOSITS

Other deposits are comprised of the following:

As at December 31, 2021					
	Interest Rate	Members	Minors	Depositors	Total
Term deposits	0.25%-3.00%	\$ 79,528,720	\$ 371,480	\$ 814,344	\$ 80,714,544
Other deposits					
Savings	0.50%	29,326,977	701,935	546,469	30,575,381
Christmas club accounts	0.75%	622,296	287	-	622,583
Vacation club deposits	0.75%	107,246	3,232	-	110,478
Bill paying accounts	0.00%	13,312	26	-	13,338
		109,598,551	1,076,960	1,360,813	112,036,324
Dividend reinvestment	0.75%	22,958	-	-	22,958
Retirement savings	0.75%	2,504,194	-	-	2,504,194
		\$ 112,125,703	\$ 1,076,960	\$ 1,360,813	\$ 114,563,476

As at December 31, 2020					
	Interest Rate	Members	Minors	Depositors	Total
Term deposits	0.75%-4.00%	\$ 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	0.75%	24,222	-	-	24,222
Retirement savings	0.75%	2,353,898	-	-	2,353,898
		\$ 118,273,594	\$ 1,006,213	\$ 4,498,043	\$ 123,777,850

At December 31, 2021, there was no member (2020: one (1) member) with deposits which exceeded 10% of the Credit Union's equity. The deposit totaled \$Nil (2020: \$1,395,078).

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

16. OTHER LIABILITIES

Other liabilities are comprised of the following:

	2021	2020
Accrued interest payable		
Members' regular shares	\$ 910,364	\$ 894,299
Fixed deposits	422,129	562,764
Total accrued interest payable	1,332,493	1,457,063
Other payables		
Dormant accounts	843,299	474,983
Accrued expenses	238,486	217,877
Tenants' security deposits	102,280	88,967
Share loan insurance	67,267	71,054
Unallocated collections	32,154	32,154
Lease liabilities	-	16,848
Total other payables	1,283,486	901,883
	\$2,615,979	\$2,358,946

17. MEMBERS' EQUITY

i) Members' shares:

Members' shares consist of the following:

	2021			2020		
	Qualifying	Equity	Total	Qualifying	Equity	Total
<i>Balance, beginning of year</i>	\$ 907,750	\$3,727,450	\$4,635,200	\$ 884,600	\$3,608,950	\$4,493,550
Shares issued	79,400	395,050	474,450	59,700	264,700	324,400
Shares redeemed	(34,150)	(136,600)	(170,750)	(36,550)	(146,200)	(182,750)
<i>Balance, end of year</i>	\$ 953,000	\$3,985,900	\$4,938,900	\$ 907,750	\$3,727,450	\$4,635,200

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, 2021, there were 19,060 members (2020: 18,155 members) of the Credit Union.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

17. MEMBERS' EQUITY (Continued)

ii) Statutory reserve:

The movement in the statutory reserve is as follows:

	2021	2020
<i>Balance, beginning of year</i>	\$ 16,000,000	\$ 16,000,000
Transfer from retained earnings	-	-
<i>Balance, end of year</i>	\$ 16,000,000	\$ 16,000,000

The current amount of the statutory reserve in equity is 7.46% (2020: 7.26%) of total assets.

iii) Fair value reserve:

The movement in the fair value reserve is as follows:

	2021	2020
<i>Balance, beginning of year</i>	\$ (188,265)	\$ (199,748)
Transfer from retained earnings	581,323	11,483
<i>Balance, end of year</i>	\$ 393,058	\$ (188,265)

18. NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT

Net interest income before provision for loan impairment is comprised of the following:

	2021	2020
<u>Net interest income on members' loans</u>		
Interest earned on loans to members	\$ 7,230,651	\$ 8,967,599
Interest expense on members' regular shares and deposits	(2,114,538)	(2,563,257)
	5,116,113	6,404,342
<u>Interest income on investments</u>		
Financial investments	1,424,964	1,213,227
Deposits with the League	632,607	624,050
Time deposits with banks	384,310	409,494
	2,441,881	2,246,771
	\$ 7,557,994	\$ 8,651,113

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

19. OTHER INCOME

Other income is comprised of the following:

	2021	2020
Service charges	\$ 184,475	\$ 145,568
Dividend income	176,367	120,864
Loan services fees	78,122	185,954
Miscellaneous income (i)	98,501	12,337
ATM fees	15,481	14,056
Entrance fees	10,671	(22,036)
Recovery - insurance proceeds (ii)	-	159,828
Rebate on LP/LS Insurance	-	215,438
(Loss)/gain on sale disposal of assets	(48,260)	724,350
	\$ 515,357	\$ 1,556,359

- i) Included in miscellaneous income is accrued expenses written off totaling \$64,434 (2020: \$Nil) and refund from unvested pension contributions totaling \$33,517 (2020: \$12,337).
- ii) The Freeport and Abaco branches sustained damages due primarily to the passage of Hurricane Dorian in September 2019. During the year ended December 31, 2020, the Credit Union received proceeds from insurance claims of \$159,828.

20. PROFITS/(LOSSES) ON RENTAL PROPERTIES

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

	As at December 31, 2021				
	East Street South	Tonique Williams- Darling Highway	Freeport	Abaco	Total
Income					
Rental income	\$ 471,019	\$ 198,200	\$ 194,744	\$ 279,528	\$ 1,143,491
	471,019	198,200	194,744	279,528	1,143,491
Expenses					
Depreciation	132,664	52,439	74,945	395,088	655,136
Repairs and maintenance	28,341	22,786	27,348	501,911	580,386
Insurance	66,176	19,928	32,903	237,801	356,808
Taxes	27,155	51,498	1,393	568	80,614
Janitorial	-	-	3,000	-	3,000
(Decrease)/increase in provision for bad debt	-	-	(3,904)	74,412	70,508
Utilities	1,800	1,853	23,434	12,037	39,124
Security	-	-	19,341	61,433	80,774
Other expenses	1,500	830	326	10,530	13,186
	257,636	149,334	178,786	1,293,780	1,879,536
Profit/(loss) for the year	\$ 213,383	\$ 48,866	\$ 15,958	\$(1,014,252)	\$ (736,045)

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

20. PROFITS/(LOSSES) ON RENTAL PROPERTIES (Continued)

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 proceeds	-	-	25,542	959,731	985,273
	459,207	194,171	212,745	1,036,015	1,902,138
Expenses					
Depreciation	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
Taxes	22,854	48,079	-	-	70,933
Janitorial	-	1,000	2,938	-	3,938
(Decrease)/increase in provision for bad debt	-	(26,989)	31,077	2,937	7,025
Utilities	(79)	3,308	22,153	5,265	30,647
Security	-	-	18,093	69,301	87,394
Other expenses	1,906	1,089	976	11,083	15,054
	343,436	130,708	203,585	752,096	1,429,825
Profit for the year	\$ 115,771	\$ 63,463	\$ 9,160	\$ 283,919	\$ 472,313

The Freeport and Abaco branches sustained damages due primarily to the passage of Hurricane Dorian in September 2019. During the year ended December 31, 2020, the Credit Union received proceeds from insurance claims of \$985,273 relating to its rental properties. There were no insurance proceeds received during the current reporting period.

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 one (1) to five (5) years from the commencement of the lease. Future minimum lease rentals are as follows:

	Minimum lease payments due				
	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 5 Years	Total
December 31, 2021	\$ 343,392	\$ 1,100	\$ -	\$ -	\$ 344,492
December 31, 2020	\$ 374,424	\$ 291,904	\$ -	\$ -	\$ 666,328

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

21. OPERATING EXPENSES

Operating expenses are comprised of the following:

	2021	2020
<i><u>Personnel</u></i>		
Salaries	\$2,198,560	\$2,149,204
Medical and pension (Note 24)	337,066	307,628
Other benefits	108,206	137,015
National insurance	105,138	95,162
Travel, training and development	49,639	25,133
	2,798,609	2,714,142
<i><u>General business</u></i>		
Depreciation - furniture and fixtures	133,550	133,289
Insurance - general	133,488	124,987
Professional and legal fees	153,248	403,298
Value Added Tax (VAT)	168,408	246,125
Equipment maintenance	203,003	91,404
Stationery and supplies	84,464	52,981
Armored car services	39,452	24,845
Motor vehicles license and maintenance	16,505	19,306
Bank charges and broker fees	142,124	99,910
Courier and postage	20,017	6,620
Insurance - motor vehicles	3,961	4,257
Cash (overage)/shortage and other expenses	(580)	7,050
	1,097,640	1,214,072
<i><u>Occupancy</u></i>		
Utilities	203,908	206,607
Depreciation - Building and improvements	325,046	328,581
General maintenance	191,578	317,513
Security services	177,946	161,398
Property tax	28,369	25,512
	\$ 926,847	\$ 1,039,611

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

21. OPERATING EXPENSES (Continued)

	2021	2020
<i>Organizational</i>		
Board and committee development and travel	\$ -	\$ 1,482
Board and committee remuneration	53,910	47,980
Annual general meetings and anniversary expenses	35,902	6,383
Stabilization fees	54,465	53,076
Board and committee meetings	5,212	2,214
Insurance - officers liabilities	6,805	4,982
Members' education	50	365
	156,344	116,482
<i>Members' security</i>		
Loans and savings insurance premium	508,299	438,056
Bond insurance premium	42,264	32,273
Deposit Insurance	101,008	67,364
	651,571	537,693
<i>Computer costs</i>		
Computer software - depreciation	40,626	41,505
Software subscription and maintenance	959,437	512,315
Computer stationery and ATM expense	24,018	29,507
Computer hardware - depreciation	67,956	79,106
Internet services	185,237	189,626
Data Centre storage services	14,476	21,373
	1,291,750	873,432
<i>Marketing</i>		
Advertising and promotions	46,780	76,652
Marketing	20,638	8,812
Donations and gifts	1,625	1,850
Membership drive	1,003	2,296
	70,046	89,610
	\$6,992,807	\$6,585,042

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

22. RELATED PARTIES BALANCES AND TRANSACTIONS

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

	2021	2020
Balances:		
Deposits with the League	\$ 44,226,089	\$ 44,000,642
Investment in the League	\$ 33,800	\$ 32,600
Loans receivable	\$ 1,817,686	\$ 1,885,644
Members' regular deposits	\$ 1,498,936	\$ 2,882,022
Other deposits	\$ 478,223	\$ 863,469
Members' shares	\$ 24,500	\$ 32,500
Transactions:		
Interest income on loans	\$ 138,383	\$ 85,980
Interest income on deposits with the League	\$ 221,384	\$ 624,050
Interest expense	\$ 20,522	\$ 12,089
Salaries and bonus	\$ 1,133,119	\$ 1,107,930
Medical and pension	\$ 198,698	\$ 140,547
Other benefits	\$ 52,596	\$ 43,015
League expenses	\$ 54,570	\$ 56,787
Board allowances and expenses	\$ 40,922	\$ 36,772
Sub-committee allowances and expenses	\$ 18,200	\$ 13,733
Directors and officers insurance	\$ 6,805	\$ 4,982
Credit card balances	\$ 43,706	\$ 29,102

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

23. COMMITMENTS AND CONTINGENCIES

i) Commitments:

- a) Commitments for undrawn loans at December 31, 2021 totaled \$8,326,073 (2020: \$7,903,501).
- b) Commitment for capital expenditure at December 31, 2021 totaled \$199,430 (2020: \$444,996).

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, 2021, the total balance outstanding on Scotiabank (Bahamas) Limited credit cards was \$30,389 (2020: \$37,202) on 38 (2020: 40) cards. There were no delinquent balances converted to loans at December 31, 2021 and 2020, respectively.

- 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, 2021, the total balance outstanding on Fidelity Bank (Bahamas) Limited credit cards was \$146,035 (2020: \$150,078) on 75 (2020: 81) cards. There were no delinquent balances converted to loans at December 31, 2021 and 2020, 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.

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 \$185,039 (2020: \$166,513) and is included in personnel expenses in the statement of comprehensive income.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

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*
- 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:

	2021	2020
Provision (a)		
Liquidity reserve deposits	\$ 20,748,503	\$ 20,452,129
Members' regular and other deposits	\$ 189,182,928	\$ 196,091,169
Actual ratio	11%	10%
Required ratio	10%	10%
Excess/(shortfall) of regulation	1%	0%
Provision (b)		
Regulatory reserves	\$ 22,421,898	\$ 22,009,448
Total assets	\$ 214,613,863	\$ 220,271,298
Actual ratio	10%	10%
Required ratio	10%	10%
Shortfall	0%	0%

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

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.

ii) 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:

26.1. Credit risk;

26.2. Liquidity risk; and

26.3. Market risk (including currency risk, equity price risk and interest rate risk)

26.1. 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. Impairment provisions are provided for losses incurred 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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT *(Continued)*

26.1. Credit risk *(Continued)*

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.

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 and advances 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, 2021				
	Nassau	Freeport	Abaco	Total
<i>(Expressed in B\$'000)</i>				
Cash at banks	\$ 4,208	\$ 402	\$ 492	\$ 5,102
Time deposits with banks	12,541	8	-	12,549
Deposits with the League	44,226	-	-	44,226
Loans receivable, net	50,625	24,071	10,748	85,444
Other assets	898	138	108	1,144
Investment in the League	34	-	-	34
Financial investments	34,749	-	-	34,749
Total financial assets	\$ 147,281	\$ 24,619	\$ 11,348	\$ 183,248

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT (Continued)

26.1. Credit risk (Continued)

As at December 31, 2020				
	Nassau	Freeport	Abaco	Total
<i>(Expressed in B\$'000)</i>				
Cash at banks	\$ 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

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

	2021	2020
Individual members	\$ 90,226,540	\$ 81,318,909
Institutional members	1,504,443	1,869,972
	\$ 91,730,983	\$ 83,188,881

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

	2021	2020
Neither past due nor impaired	\$ 75,030,038	\$ 78,719,715
Past due but not impaired	5,928,342	3,257,789
Impaired	10,772,603	1,211,377
Gross	91,730,983	83,188,881
Add: accrued interest	279,343	617,470
Less: deferred service fees	(2,056,875)	(2,175,368)
Less: allowance for impairment	(4,509,845)	(5,199,892)
Net	\$ 85,443,606	\$ 76,431,091

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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT (Continued)

26.2. 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;
- 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, 2021					
	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Liabilities:					
Members' regular deposits	\$ 74,619,452	\$ -	\$ -	\$ -	\$ 74,619,452
Other deposits	44,258,871	11,603,962	58,053,200	647,443	114,563,476
Other liabilities	332,576	30,000	1,307,825	945,578	2,615,979
Total liabilities	\$ 119,210,899	\$ 11,633,962	\$ 59,361,025	\$ 1,593,021	\$ 191,798,907
As at December 31, 2020					
	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 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	230,978	12,500	1,551,518	563,950	2,358,946
Total liabilities	\$ 107,019,307	\$ 316,162	\$ 2,466,311	\$ 88,648,335	\$ 198,450,115

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT *(Continued)*

26.3. 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 position 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 available-for-sale financial instruments, held as a part of its investment portfolio totaling \$3,060,691 (2020: \$1,731,936).

- 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 income would have increased/decreased by \$153,035 (2020: \$86,597).

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.

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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT (Continued)

26.3. Market risk (Continued)

Interest rate risk (Continued)

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, 2021					
	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
Assets:					
Cash at banks	\$ 2,779,714	\$ -	\$ -	\$ 2,322,700	\$ 5,102,414
Time deposits	12,549,190	-	-	-	12,549,190
Deposits with the League	-	-	44,226,089	-	44,226,089
Loans receivable, net	3,876,906	27,017,309	39,881,545	14,667,846	85,443,606
Other assets	-	-	-	2,231,684	2,231,684
Investment in the League	-	-	-	33,800	33,800
Financial investments	-	7,721,843	21,423,086	5,604,084	34,749,013
Total assets	19,205,810	34,739,152	105,530,720	24,860,114	184,335,796
Liabilities:					
Members' regular deposits	74,619,452	-	-	-	74,619,452
Other deposits	113,119,362	647,443	-	796,671	114,563,476
Other liabilities	-	-	-	2,615,979	2,615,979
Total liabilities	187,738,814	647,443	-	3,412,650	191,798,907
Total interest repricing gap	\$(168,533,004)	\$ 34,091,709	\$ 105,530,720	\$ 21,447,464	\$ (7,463,111)
Cumulative gap	\$(168,533,004)	\$(134,441,295)	\$ (28,910,575)	\$ (7,463,111)	

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT (Continued)

26.3. Market risk (Continued)

Interest rate risk (Continued)

As at December 31, 2020					
	Within 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
Assets:					
Cash at banks	\$ 508,678	\$ -	\$ -	\$ 2,248,430	\$ 2,757,108
Time deposits	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
Other assets	-	-	-	7,036,275	7,036,275
Investment in the League	-	-	-	32,600	32,600
Financial investments	-	10,473,213	21,506,938	3,216,737	35,196,888
Total assets	30,840,066	37,317,933	104,983,141	18,726,959	191,868,099
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	-	-	-	2,358,946	2,358,946
Total liabilities	105,242,659	88,084,386	-	5,123,070	198,450,115
Total interest repricing gap	\$ (74,402,593)	\$ (50,766,453)	\$ 104,983,141	\$ 13,603,889	\$ (6,582,016)
Cumulative gap	\$ (74,402,593)	\$(125,169,046)	\$ (20,185,905)	\$ (6,582,016)	

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.

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

a) *Financial instruments not measured at fair value (Continued)*

- 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 available-for-sale 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.
- 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, 2021				
	Level 1	Level 2	Level 3	Total
<u>Financial instruments</u>				
Financial assets at FVTOCI	\$ 3,060,691	\$ 4,096,767	\$ -	\$ 7,157,458

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

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

Notes to Financial Statements

December 31, 2021

(Expressed in Bahamian dollars)

28. EVENTS AFTER THE REPORTING PERIOD

There were no material events of significance impacting the Credit Union since December 31, 2021 and up to May 16, 2022 that require disclosure in these financial statements.

ECOVIS Bahamas • Serenity House • East Bay Street • P.O. Box SS-6229 • Nassau •
The Bahamas

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The primary purpose of our examination for the year ended December 31, 2021 was 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 45, taken as a whole.

The supplementary information for the year ended December 31, 2021 presented on pages 47 through 55 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.

Ecovis Bahamas

CHARTERED ACCOUNTANTS

May 16, 2022
Nassau, The Bahamas

ECOVIS Bahamas, Serenity House, East Bay Street, P.O. Box SS-6229, Nassau, The Bahamas Phone: +1 (242) 603-3410 Fax: +1 (242) 603-3430
E-Mail: nassau@ecovis.com Management: James B. Gomez, Noreen R. Campbell VAT-ID Number: 114394718 Headquarter: Nassau Registered in: The Bahamas

A member of ECOVIS International tax advisors accountants auditors lawyers in Algeria, Argentina, Australia, Austria, Bahamas, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Greece, Great Britain, Guatemala, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Morocco, Myanmar, Nepal, Netherlands, New Zealand, Norway, North Macedonia, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Republic of Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, USA (associated partners) and Vietnam.

ECOVIS International is a Swiss association. Each Ecovis member firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS Bahamas is a member firm of ECOVIS International.

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

Statement of Profit or Loss – Nassau, Head Office

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
INTEREST INCOME		
Loans	\$ 4,423,504	\$ 5,930,311
Investments	2,441,630	2,245,110
Total interest income	6,865,134	8,175,421
INTEREST EXPENSE		
Members' regular shares and other deposits	(1,821,605)	(2,260,530)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS		
	5,043,529	5,914,891
Provision for loan impairment and expected credit losses	429,106	(3,704,884)
Recoveries of bad debts	195,011	135,203
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS		
	5,667,646	2,345,210
NON-INTEREST INCOME		
Other income	472,285	1,285,414
Profit on rental properties	262,249	179,236
Total non-interest income	734,534	1,464,650
NET INTEREST AND OTHER INCOME		
	6,402,180	3,809,860
OPERATING EXPENSES		
Personnel	2,314,053	2,289,138
General business	895,473	1,046,040
Occupancy	663,964	737,074
Organizational	142,536	102,930
Members' security	630,761	522,707
Computer costs	1,241,482	816,537
Marketing	65,695	78,411
Total operating expenses	5,953,964	5,592,837
PROFIT/(LOSS) FOR THE YEAR		
	\$ 448,216	\$ (1,782,977)

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

Statement of Operating Expenses – Nassau, Head Office

For the year ended December 31, 2021
(Expressed in Bahamian dollars)

	2021	2020
<u>Personnel</u>		
Salaries	\$ 1,832,258	\$ 1,838,948
Medical and pension	272,325	238,376
Staff benefits	86,118	112,942
National insurance	85,269	79,012
Travel, training and development	38,083	19,860
	2,314,053	2,289,138
<u>General business</u>		
Depreciation - furniture & equipment	114,754	118,453
Insurance	75,343	71,032
Professional fees	138,284	393,010
Value Added Tax (VAT)	138,945	224,329
Equipment maintenance	172,403	57,487
Stationery and supplies	70,948	43,843
Armoured car services	21,767	20,800
Vehicle expenses	11,094	14,659
Bank charges and broker fees	136,868	95,002
Courier and postage	12,695	4,399
Insurance - vehicles	2,742	2,898
Cash (overage)/shortage and other expenses	(370)	128
	895,473	1,046,040
<u>Occupancy</u>		
Utilities	152,628	176,116
Depreciation - building	230,474	234,718
Building maintenance	134,391	176,075
Building security	118,102	124,653
Property tax	28,369	25,512
	\$ 663,964	\$ 737,074

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

Statement of Operating Expenses – Nassau, Head Office (*Continued*)

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
<i><u>Organizational</u></i>		
Board and committee development and travel	\$ -	\$ 1,482
Board and committee remuneration	53,910	47,980
Annual general meetings and anniversary expenses	35,300	5,981
Stabilization fees	41,259	39,936
Board and committee meetings	5,212	2,204
Directors and officers insurance	6,805	4,982
Members' education	50	365
	142,536	102,930
<i><u>Members' security</u></i>		
Loans and savings insurance premium	508,299	438,056
Bond insurance premium	21,454	17,287
Deposit insurance	101,008	67,364
	630,761	522,707
<i><u>Computer costs</u></i>		
Computer software - depreciation	39,636	40,435
Software subscription and maintenance	953,921	505,550
Computer stationery and ATM expense	19,676	26,260
Computer hardware - depreciation	54,891	65,761
Internet	158,882	157,158
Data Centre storage services	14,476	21,373
	1,241,482	816,537
<i><u>Marketing</u></i>		
Advertising and promotions	43,137	65,995
Marketing	19,930	8,712
Donations	1,625	1,850
Membership drive	1,003	1,854
	65,695	78,411
	\$ 5,953,964	\$ 5,592,837

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

Statement of Profit or Loss – Freeport Branch

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
INTEREST INCOME		
Loans	\$ 1,947,080	\$ 2,202,291
Investments	108	1,079
Total interest income	1,947,188	2,203,370
INTEREST EXPENSE		
Members' regular shares and other deposits	(171,294)	(149,647)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS		
	1,775,894	2,053,723
Provision for loan impairment and expected credit losses	(581,920)	(511,053)
Recoveries of bad debts	98,163	45,220
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS		
	1,292,137	1,587,890
NON-INTEREST INCOME		
Other income	52,983	99,213
Profit on rental properties	15,958	9,158
Total non-interest income	68,941	108,371
NET INTEREST AND OTHER INCOME		
	1,361,078	1,696,261
OPERATING EXPENSES		
Personnel	263,703	252,800
General business	70,696	62,013
Occupancy	81,098	65,966
Organizational	9,552	9,436
Members' security	11,556	8,317
Computer costs	27,219	27,627
Marketing	1,339	9,198
Total operating expenses	465,163	435,357
PROFIT FOR THE YEAR		
	\$ 895,915	\$ 1,260,904

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

Statement of Operating Expenses – Freeport Branch

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
<u>Personnel</u>		
Salaries	\$ 206,028	\$ 188,951
Medical and pension	29,607	37,390
Staff benefits	12,543	14,123
National insurance	11,243	10,101
Travel, training and development	4,282	2,235
	263,703	252,800
<u>General business</u>		
Depreciation - furniture and fixtures	13,208	5,908
Insurance - general	3,639	3,319
Professional and legal fees	11,719	8,252
Value Added Tax (VAT)	7,025	7,458
Equipment maintenance	14,626	13,689
Stationery and supplies	8,729	5,558
Armoured car services	1,825	2,250
Vehicle expenses	3,586	3,188
Bank charges and broker fees	3,657	3,165
Courier and postage	2,131	1,607
Insurance - motor vehicle	551	597
Cash (overage)/shortage and other expenses	-	7,022
	70,696	62,013
<u>Occupancy</u>		
Utilities	16,306	12,769
Depreciation - building	12,413	12,414
Building maintenance	26,280	21,186
Building security	26,099	19,597
	81,098	65,966
<u>Organizational</u>		
Stabilization fees	9,171	9,024
AGM and anniversary expenses	381	402
Board and committee meetings	-	10
	\$ 9,552	\$ 9,436

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

Statement of Operating Expenses – Freeport Branch *(Continued)*

For the year ended December 31, 2021
(Expressed in Bahamian dollars)

	2021	2020
<i><u>Members' security</u></i>		
Bond insurance	\$ 11,556	\$ 8,317
<i><u>Computer costs</u></i>		
Computer software - depreciation	495	495
Software subscription and maintenance	3,207	3,936
Computer hardware - depreciation	5,927	6,278
Computer stationery and ATM expense	3,727	3,229
Internet	13,863	13,689
	<u>27,219</u>	<u>27,627</u>
<i><u>Marketing</u></i>		
Advertising and promotions	1,339	8,756
Membership drive	-	442
	<u>1,339</u>	<u>9,198</u>
	<u>\$ 465,163</u>	<u>\$ 435,357</u>

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

Statement of Profit or Loss – Abaco Branch

For the year ended December 31, 2021
(Expressed in Bahamian dollars)

	2021	2020
INTEREST INCOME		
Loans	\$ 860,067	\$ 834,997
Investments	143	582
Total interest income	860,210	835,579
INTEREST EXPENSE		
Members' regular shares and other deposits	(121,639)	(153,080)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS		
Provision for loan impairment and expected credit losses	(428,788)	(455,583)
Recoveries of bad debts	52,679	21,104
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS		
NON-INTEREST INCOME		
Other income	(9,911)	171,732
(Loss)/profit on rental properties	(1,014,252)	283,919
Total non-interest income	(1,024,163)	455,651
NET INTEREST AND OTHER (EXPENSE)/INCOME		
OPERATING EXPENSES		
Personnel	220,853	172,204
General business	131,471	106,019
Occupancy	181,785	236,571
Organizational	4,256	4,116
Members' security	9,254	6,669
Computer costs	23,049	29,268
Marketing	3,012	2,001
Total operating expenses	573,680	556,848
(LOSS)/INCOME FOR THE YEAR	\$ (1,235,381)	\$ 146,823

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

Statement of Operating Expenses – Abaco Branch

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
<u>Personnel</u>		
Salaries	\$ 160,274	\$ 121,305
Medical and pension	35,134	31,862
Staff benefits	9,545	9,950
National insurance	8,626	6,049
Travel, training and development	7,274	3,038
	220,853	172,204
<u>General business</u>		
Depreciation - furniture & fixtures	5,588	8,928
Insurance	54,506	50,637
Professional fees	3,245	2,036
Value Added Tax (VAT)	22,438	14,338
Equipment maintenance	15,974	20,228
Stationery and supplies	4,787	3,580
Armoured car services	15,860	1,795
Vehicle expenses	1,825	1,459
Bank charges and broker fees	1,599	1,743
Courier and postage	5,191	613
Insurance - motor vehicle	668	762
Cash (overage)/shortage and other expenses	(210)	(100)
	131,471	106,019
<u>Occupancy</u>		
Utilities	34,974	17,722
Depreciation - building	82,159	81,449
Building maintenance	30,907	120,252
Building security	33,745	17,148
	\$ 181,785	\$ 236,571

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

Statement of Operating Expenses – Abaco Branch *(Continued)*

For the year ended December 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
<u>Organizational</u>		
Stabilization fees	\$ 4,035	\$ 4,116
AGM and anniversary expenses	221	-
	4,256	4,116
<u>Members' security</u>		
Bond insurance	9,254	6,669
<u>Computer costs</u>		
Computer software - depreciation	495	575
Software subscription	2,309	2,829
Computer hardware - depreciation	7,138	7,067
Computer stationery and ATM expense	615	18
Internet	12,492	18,779
	23,049	29,268
<u>Marketing</u>		
Advertising and promotions	2,304	1,901
Marketing	708	100
	3,012	2,001
	\$ 573,680	\$ 556,848

BUDGET FOR YEAR 2022 & 2023

	Budget 2022 Combined	Budget 2021 Combined	Actual 2021 Combined	Est. Budget 2023 Combined
1 FINANCIAL REVENUE:				
2 Interest on General Loans	6,966,000	7,838,048	4,804,082	7,174,000
3 Interest on Mortgage Loans	2,302,000	2,785,650	1,853,534	2,372,000
4 Loan Service Fees	711,000	766,500	573,036	732,000
5 Interest on Statutory & Liquidity Reserves	641,000	730,000	632,607	660,000
6 Interest on Govt. & Bridge bonds	1,053,000	845,000	1,091,833	1,084,000
7 Interest on Deposits	226,000	330,000	384,310	233,000
8 Interest on Royal Fidelity Investments	279,000	215,000	333,131	287,000
9 Loan Skip Payment Fees	18,000	67,450	17,440	19,000
10 Late Loan Payment Fees	62,800	123,600	60,682	63,000
11 Dividends	185,000	130,200	174,691	191,000
12 Entrance Fees	17,500	13,650	16,735	18,000
13 Share Account Withdrawal Fees	122,100	108,150	118,489	126,000
14 ATM and Credit Card Fees	84,900	31,500	23,893	88,000
15 Service Fees	35,000	35,700	33,679	37,000
16 Rebate on LP/LS Insurance	-	108,150	-	-
17 Account Closing and Other Income	19,400	7,350	51,959	20,000
88 Insurance Settlements	-	-	-	-
90 Gain/(Loss) on sale of property	-	-	-	-
18 Total Operating Income	12,722,700	14,135,948	10,170,099	13,104,000
19 OPERATING EXPENSES:				
20 Interest on Regular Deposits	990,000	1,045,450	988,800	1,020,000
21 Interest on Fixed Deposits	1,087,000	1,786,020	1,125,738	1,120,000
22 Bad Debt Expense	1,311,000	1,650,940	1,272,928	1,350,000
23 Salaries and Overtime	2,265,000	2,327,800	2,198,560	2,333,000
24 N.I.B., Medical and Pension	478,000	479,400	442,204	492,000
25 Staff Benefits, Uniforms and Meetings	138,000	85,000	108,206	142,000
26 Staff Training and Conferences	39,000	129,200	28,658	40,000
27 Staff Travel	22,000	31,350	20,980	23,000
28 Depreciation - Furn. and Equip.	188,000	223,000	133,550	194,000
29 General and Automobile Insurance	246,000	150,000	285,041	253,000
30 Legal, Audit and Professional fees	164,000	172,000	173,106	169,000
31 VAT Expense	173,000	192,610	168,408	178,000
32 Equipment Maintenance	93,000	140,000	203,003	96,000
33 Office Supplies	86,000	59,000	84,464	89,000
34 Armoured car services	41,000	33,000	39,452	42,000
35 Depreciation - Automobiles	20,000	-	-	21,000
36 Automobile maintenance and gas	17,000	20,000	16,505	17,000
37 Bank and investment charges	147,000	117,000	142,124	152,000
38 Courier and postage fees	20,000	8,240	20,017	21,000
39 Collector's Fees and Teller's Allowances	17,000	24,000	15,563	18,000
40 LP/LS Insurance	635,000	435,000	508,298	654,000
41 Bond Insurance	44,000	37,000	42,264	45,000
42 Utilities	199,000	263,160	203,908	205,000
43 Depreciation - Buildings	461,000	436,000	325,045	475,000
44 Building Maintenance	217,000	175,420	191,578	223,000
	9,098,000	10,020,590	8,738,402	9,372,000



Balance carried forward

BUDGET FOR YEAR 2022 & 2023		Budget 2022 Combined	Budget 2021 Combined	Actual 2021 Combined	Est. Budget 2023 Combined
45	Balance brought forward	9,098,000	10,020,590	8,738,402	9,372,000
46	Building Security	-	-	-	-
47	Property Tax	184,000	187,000	177,946	189,000
48	Office Rent (Toronto)	61,000	28,369	28,369	63,000
49	Board - Travel	19,000	22,000	14,486	20,000
50	Board - International Conferences	2,000	1,000	-	2,000
51	Board - Training and Local Conferences	24,000	38,000	-	25,000
52	Board - Out-of-pocket expenses	2,000	2,000	-	2,000
53	Board and Committee Meetings	45,000	44,500	38,160	45,000
54	Supervisory Committee - Travel	6,000	2,500	5,212	6,000
55	Supervisory Committee - Training and Conferences	5,000	6,000	-	6,000
56	Supervisory Committee - Out-of-pocket expenses	8,000	2,000	-	8,000
57	Credit Committee - Training and Conferences	9,000	9,000	8,250	9,000
58	Credit Committee - Out-of-pocket expenses	6,000	-	-	6,000
59	Other Committee - Training and Conferences	9,000	9,000	7,500	9,000
60	AGM	6,000	-	-	6,000
61	Anniversary Activities	15,000	15,000	25,278	15,000
62	Stabilization fees	6,000	7,000	10,624	6,000
63	Directors and officers insurance	57,000	55,000	54,465	59,000
64	Membership - Training and education	7,000	5,000	6,805	7,000
65	Depreciation - Computer software	3,000	6,000	50	3,000
66	Maintenance - Computer systems	120,000	506,000	40,625	124,000
67	Software - System maintenance	15,000	16,000	5,301	16,000
68	Software - System security	233,400	184,000	446,293	239,000
69	Software - System security	122,500	129,000	284,624	126,000
70	Software - General applications	187,000	264,000	180,845	192,000
71	Software - Department applications	84,000	82,000	42,375	86,000
72	Computer supplies	27,000	38,000	24,018	28,000
73	Depreciation - Computer hardware	365,000	90,000	67,956	376,000
74	Internet	191,000	190,000	185,237	197,000
75	Advertising and promotion	33,000	113,050	46,780	33,000
76	Marketing and Membership Drive	20,000	19,950	21,642	20,000
77	Donations	11,000	11,000	1,625	11,000
77	Contributions to Junior Co-operatives	9,000	9,000	-	9,000
78	Total Operating Expenses	10,989,900	12,111,959	10,462,869	11,315,000
79	FINANCIAL NET INCOME/(LOSS)	1,732,800	2,023,988	(292,769)	1,789,000
INVESTMENT PROPERTY					
80	Rental Income and CAM charges	1,138,500	1,045,000	1,072,984	1,173,000
87	Insurance Settlements	-	-	-	-
PROPERTY EXPENSES					
81	Dep. Investment properties	668,000	711,000	655,139	688,000
82	Investment property expenses	701,000	798,774	1,153,891	721,000
83	Total PROPERTY Expenses	1,369,000	1,509,774	1,809,029	1,409,000
84	NET INCOME/(LOSS) PROPERTY	(230,500)	(464,774)	(736,046)	(236,000)
NET INCOME/(LOSS)		1,502,300	1,559,215	(1,028,815)	1,553,000
85	<i>(Increase)/Decrease in valuation reserve</i>	-	-	(581,324)	-
86	<i>(Increase)/Decrease in IFRS 9 valuation reserve</i>	-	-	(1,006,162)	-
86	TOTAL COMPREHENSIVE INCOME	1,502,300	1,559,215	558,671	1,553,000



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.

Prior to the Annual General Meeting held in May 2021, nominations were accepted to fill three vacant positions on the Supervisory Committee. Subsequently, there was a special election call meeting which sought to elect three individual to the committee. The three individuals elected were Mr. Shavado Gibson (Chairperson), Mrs. Sophia Williams (Secretary) and Ms. Renee Mayers (Member). The Supervisory Committee wishes to congratulate Mr. Graham Mckinney (former chairperson) on his election to the Board of Directors.

Similar to 2020, the year 2021 setbacks with the global pandemic significantly impacted the way many organizations conducted businesses, even though there were some easing of restrictions. The pandemic continues to affect the normal operations of the Credit Union throughout 2021. However, in an effort to be effective the Credit Union has operated where deemed necessary in an agile manner in in an attempt to remain relevant and effective in a COVID -19 environment.

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 in 2022 we will be able to travel to the branches on those islands to review and inspect operations 2022 and beyond.

The main areas noted:

1. **Loans**

Notably, there has been new loan growth in 2021. The Credit Union's comprehensive loan portfolio stood at \$91,069,420 as at 30 -Nov-21, this is representative of portfolio growth of 0.59% which remains favorable considering the current loan pay down/pay out rate of \$800k per month. This means that not only did the business replace the principal balances that were paid down and loans that were paid out during the month of November, it booked additional loan volumes. The Supervisory Committee commends the loans department for actively transitioning into a more positive direction than the previous year. This new growth indeed has move the Credit union in more positive direction that attracted members with the ability to pay loans from our competitors.



2. **LOAN DELINQUENCY**

The delinquency rate is still a challenge in the operations of the Credit Union. Evidently, increased efforts have been made to reduce the delinquency rate that also reduced the loan loss provision and thus increased 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. With the consolidated loan portfolio standing at \$91,069,420.00, as at 30-Nov-21, we are beginning to see that switch to more secured lending via growth in the mortgage portfolio. We realize and commend management for this effort whereby, to minimize unsecured lending and the associated risk of default and subsequent provisioning that accompanies same. Additionally, asset quality continues to show improvements, with the total number of loans declining by 28%.

3. **COMPLIANCE MATTERS**

The Compliance department saw growth in manpower with the hiring of two new employees in 2021. Mr. Nathaniel Taylor (Compliance Analyst) commenced employment on July 19th, 2021 and Mrs. Demetria Seymour (Compliance Clerk) commenced employment on September 1st, 2021. We welcome each of them and are pleased to say that they have both successfully pass their probationary period to become permanent employees of TSWCCUL.

Accomplishments

During January 2021, Compliance introduced a mandatory AML Online Training course and post test (AccordReady) for all staff; the course was successfully completed by all staff.

During the period February 15th, 2021 and April 23rd, 2021, Compliance successfully conducted its pilot Compliance Conformance Reviews of the various TSWCCUL branches. The focus of the reviews was to evaluate the branches' adherence to the credit union's policies and procedures and local requirements. All identified deficiencies were documented, discussed by stakeholders, remediated and tracked through closure.

On October 14th, 2021, TSWCCUL's Automated Monitoring Tool (SimpliRisk) became operable. TSWCCUL's Internal Audit Department provided a Certificate of Attestation to senior management, subsequently verifying the existence, implementation and effectiveness of said software tool that is being used to monitor for possible suspicious transactions.

Challenges

- The glaring challenge is that some staff tend to revert to bad habits in relation to gathering KYC information and/or constant staff turnover which contributes to knowledge gap

Ongoing external training and exposure to stay current and remain cutting edge; bearing in mind we have limited financial resources due to the current pandemic.

4. **INTERNAL AUDIT MATTERS**

The Internal Audit Department of the Teachers and Salaried Workers Co-Operative Credit Union assists the Credit Union in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance processes. IA reviews for fiscal year 2021 included assurance, consultancy, and investigative reviews. The fiscal year 2021 saw reviews being



performed in the following areas:

- ⇒ Operational.
- ⇒ Investigative.
- ⇒ Process reviews.

Reporting of these reviews are to the Board of Directors via the Supervisory Committee. All Audit activities are performed in accordance with applicable standards, regulatory requirements, local laws, international standard setting bodies, or best practices.

Efforts Allocation

During the fiscal year, the Audit Department has faced many challenges, among which was the need to be agile in its attempts to remain relevant and effective in a COVID -19 environment. Constant changes in health protocols, restrictions, and social distancing requirements resulted in Internal Audit redefining how to meet its requirements throughout the year.

During the fiscal year 2021, with the assistance and cooperation of the management and staff of the Freeport and Abaco Branches, the Department conducted, and successfully completed its first remote Branch audit reviews.

The year also saw the performing and completion of a number of Internal Audit Attestations required by The Central Bank of the Bahamas. These Attestations included but were not limited to the following:

- An Employee Job Description Attestation.
- A Transaction Monitoring Policy, and Reporting of Suspicious Activity Policy, and evidence of their implementation.
- An Attestation for the involvement of MLRO in Onboarding of High Risk Accounts.
- A Credit Committee Charter Attestation.

The year also saw a continuous monitoring of specific areas of cash management and related policies, with additional measures being taken by management to enhance the effectiveness of procedures and strengthen existing policies.

Additional Audit Reviews were performed in the areas such as Related Parties verification, special investigations on internal matters, as well as member queries.

Challenges

Efforts continued to further establish the Internal Audit structure, while also managing and providing assistance to the Edit Clerk Function.

The Department continues to provide support to staff transitioning into the department. Additional requirements placed on the Department, and staff recruitment and retention continue to remain challenges as reduced resources affect the ability of the Department to meet its mandate.

5. STAFFING AND HUMAN RESOURCES

In the face of many operational challenges, and even staff shortages, we applaud the Credit Union for taking proactive measures to safeguard its workforce during the ongoing challenges that COVID-19 presented. Its ability to re-



flect, recommit, re-engage, reboot and realign HR and people operations priorities with the most pressing business and workforce priorities are to be commended.

We are pleased with the intentional focus on training and re-engineering team members and processes through hands on knowledge using newly acquired or improved software and other digital platforms and policies. We tout the bold undertaking by employees to safeguard their well-being by embracing the option to being vaccinated. More than 80% of staff are fully vaccinated and additionally an improved recruitment strategy has also been adopted to reflect the new requirements of the Credit Union.

New policies governing performance management, coaching requirements for team leads, along with cash management policy and procedures have also been advanced and approved. These initiatives underscore the trailblazing efforts of the CU's leadership.

While we recognize and celebrate many of these achievements, the Supervisory Committee remains in dialogue with key stakeholders in the Credit Union to ensure that not only do we seek to recover from the setbacks from Dorian in 2019 and COVID-19 in 2020 and 2021 but that we thrive and hence set our sight on improvements in areas such as staff retention, compensation, benefits and wellness in an effort to lure more technically competent and savvy individuals to key positions within the CU.

Staff Turnover in 2021

In 2021, the total employee turnover rate = 18%. In addition, a total of thirteen jobs were terminated, either voluntarily or involuntarily. However, there were 16 new hires in 2021 and 14 terminations (voluntary and involuntary – includes one contract worker). **Good** and **Bad** Employee Turnover rates are broken down below:

Good: Seven representing 53.85% of terminated employees.

Good employee turnover includes employees who leave for a major promotion or redundancy or due to poor performance.

Bad: Six representing 46.15% of terminated employees.


Bad employee turnover includes the departure of employees who perform at moderate or high level for lateral positions.

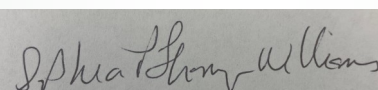
CONCLUSIONS


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.

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.

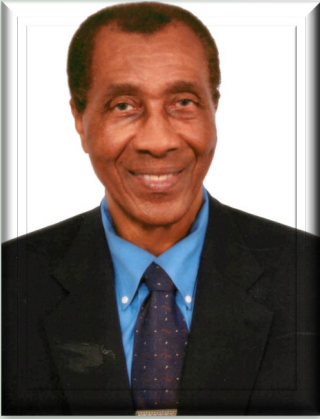
Your Supervisory Committee,
Committed to serve you!


Shavado Gibson – Chairman


Sophia Williams - Secretary


Renee Mayers - 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 \$11,319,35534 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 consoli-



dations, 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



2022 RESOLUTIONS

RESOLUTION 1

WHEREAS the audited accounts for 2021 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 Percent (1.00%) Interest on Regular Share (RS) Deposits; One Percent (1.00%) 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.

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, 2022.

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) each per month, in arrears, until the next annual general meeting in 2023.

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 2023.



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.





TSWCCUL

TEACHERS & SALARIED WORKERS
CO-OPERATIVE CREDIT UNION LTD.

