



SERVICES AND PRODUCTS
you can **TRUST**

SATURDAY, MAY 18TH, 2019 | 8:00 AM
BREEZES SUPERCLUBS | WEST BAY STREET, CABLE BEACH STRIP

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FORTY-SECOND (42ND) ANNUAL GENERAL MEETING AGENDA

8:00 a.m. *REGISTRATION*

9:00 a.m.

CALL TO ORDER Chairman

**INVOCATION
NATIONAL ANTHEM
PRAYER OF ST. FRANCIS**

9:15 a.m.

APOLOGIES

READING OF AGM NOTICE Secretary of the Board

ASCERTAINMENT OF QUORUM Vice Chairman of the Board

GREETINGS: Bahamas Co-operative League Limited

9:45 a.m.

PROTOCOL FOR MEETING Vice Chairman of the Board

9:50 a.m.

MINUTES OF LAST MEETING Secretary of the Board

10:15 a.m.

MATTERS ARISING Chairman of the Board

10:35 a.m.

BOARD OF DIRECTORS REPORT Chairman of the Board

10:50 a.m.

TREASURER'S REPORT Treasurer of the Board

**AUDITED FINANCIAL STATEMENTS
BUDGET**

AUDITOR'S REPORT Auditors - Baker Tilly Gomez

11:30 a.m.

SUPERVISORY COMMITTEE REPORT Committee Chairman

CREDIT COMMITTEE REPORT Committee Chairperson

EDUCATION COMMITTEE REPORT Committee Chairperson

12:00 p.m.

RESOLUTIONS Secretary of the Board

- ◆ Distribution of Dividends
- ◆ Appointment of Auditors
- ◆ Any other Resolutions

12:15 p.m.

NOMINATION COMMITTEE REPORT Committee Chairperson

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

12:45 p.m.

THANK YOU Assistant Treasurer of the Board

LUNCH

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; it is in dying that we are born again to eternal life.

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.
6. 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.

VISION

“To provide quality, affordable and prompt financial services efficiently, in a courteous environment that will improve the socio-economic well being of our members.”



BOARD OF DIRECTORS REPORT

2018 YEAR IN REVIEW

Theme: **“SERVICE & PRODUCTS YOU CAN TRUST”**

THE BAHAMAS ECONOMIC PERFORMANCE'S IMPACT ON TSWCCUL

TSWCCUL like every other local Bahamian financial institution has been challenged by the economic realities facing The Bahamas, particularly, the level of unemployment which has remained historically high, continued job losses and lack of salary increases. As such, this condition has affected our loss ratios and the level of delinquency within our loan portfolio.

There is always a fierce competition among financial institutions. Additionally, new entrants such as Payday and other lending ‘sharks’ have made it more challenging. This has resulted in decreasing the growth of our loans.

TSWCCULS SUCCESSFUL YEAR IN REVIEW

Despite numerous challenges in 2018, TSWCCUL Board, Management and Staff can claim success in the following highlighted areas:

AREA	2017	2018	GROWTH
<i>Investments Income</i>	1,236,476	1,642,731	32.86%
Equity Statutory Reserve	12,800,00	13,875,000	8.40%
<i>Retained Earnings (TSWCCUL Profit)</i>	2,074,533	1,767,148	Negative 14.82%
<i>Total Interest Income</i>	12,518,063	12,944,285	3.40%
<i>Non-Interest Income</i>	504,068	576,318	14.33%
<i>Total Deposits</i>	183,564,027	191,072,869	4.09%
<i>Total Assets</i>	206,256,805	214,675,200	4.08%
<i>Actual Income</i>	1,088,178	767,615	Negative 29.46%
<i>Member Growth</i>	1077	527	Negative 51%
<i>Depositor Growth</i>	492	1130	130%

The actual losses for 2018 was \$662,140 above what was projected, however, 2018 would have been a better year than 2017 in terms of profit had we done a better job at managing our loss potential.

Here is what our plans are for continued Revenue Enhancement:

UPDATE ON TSWCCUL STRATEGIC PLANS

Data Center Upgrade - There has been a considerable investment made by the Board to improve the Data Center. The investment has resulted in a Data Center that meets International standards as it relates to security, functionality and resiliency using the latest technology available. TSWCCUL is also now better able to sustain its operations in the event of a disaster and continue its service with minimal disruption and within the shortest period.

Card Services – Credit Cards have been tested and launched, with the Debit Cards following shortly.

Payment Systems – The payment system deployment is continuing and is in the testing stage with the planned launch of the first stage – wire transfers schedule for the third quarter of 2019. Following this will be Internet Banking-allowing for the transfer of funds and online bill payment to any entity within The Bahamas which will be followed shortly by mobile banking with the same capability as Internet Banking.

ATM Services – TSWCCUL has made the strategic decision to expand its ATM Network with a view to ensuring that it can handle the following:

- Visa branded debit cards and handle B\$ deposits and withdrawals.

- Accept TSWCCUL proprietary/local ATM cards.

This will call for an additional upgrade to TSWCCUL Switching capability along with a replacement of the existing ATMS which have reached the end of their shelf life.

TSWCCUL RISK CHALLENGES

As a supervised financial institution under the Central Bank, the Board and Management are required to have an effective program to identify and monitor all risks that TSWCCUL faces and to ensure provisions are in place to mitigate them. This process is well underway.

However, the greatest Risk facing TSWCCUL is the Risk of Complacency. Therefore, we must be willing to embrace change by ensuring the continued viability of our Financial Co-operative. We cannot be Risk Averse or avoid Risk, instead we must pursue a proper balance between Risk and Rewards.

The following elements have been considered to achieve a proper balance in managing risk:

1. Proper segregation
2. **Preventing conflict of interest**
3. Establishment of a Risk Function
4. Establishing a clearly defined risk structure

The following re-alignment of responsibilities took place with a view to strengthening TSWCCUL day-to-day risk management framework. Persons have been chosen for the following positions:

- ◆ Credit Risk Manager
- ◆ Operational Risk Manager
- ◆ Chief Risk Officer

Collectively they have a shared responsibility for knowing, managing and monitoring all Risk facing TSWCCUL.

CONCLUSION

This report generally highlights some of our successes, growth opportunities and long-term strategic achievements and challenges.

Your Board, Management and Staff have been busy over the period and remain committed to ensuring that while TSWCCUL continues to respond to a changing environment, it remains focused on a better experience for you at a reduced cost with service and products **you can trust. This allows us to grow and become a “beacon” among other financial institutions in The Bahamas. For this, we** express gratitude to you, the members. Our appreciation is also extended to Management and Staff who have granted service to everyone. **As we embark on a new year, with God’s help, we will soar as a financial institution that will be the envy of others.**

Finally, we give God all the glory and praise for the great things we have accomplished.

Your Board of Directors

Mrs. Sharon Rahming | Chairperson
Ms. Theresa Deleveaux | Treasurer
Mr. Henry Campbell | Assistant Treasurer
Mrs. Geraldine Stevens | Director

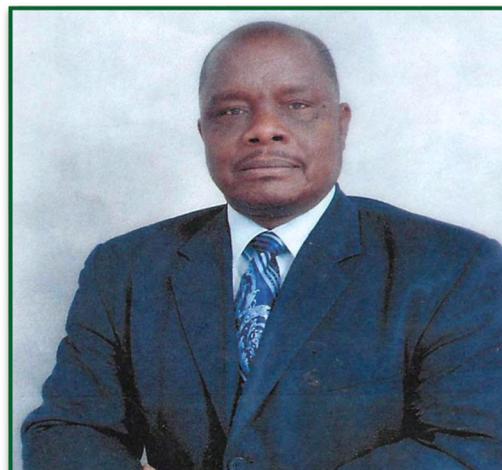
Mr. Johnley Ferguson | Vice-Chairman
Mrs. Cheryl Bowe-Moss | Secretary
Mrs. Italia Seymour | Assistant Secretary



**BOARD
DIRECTORS**



**SHARON RAHMING
BOARD CHAIRPERSON**



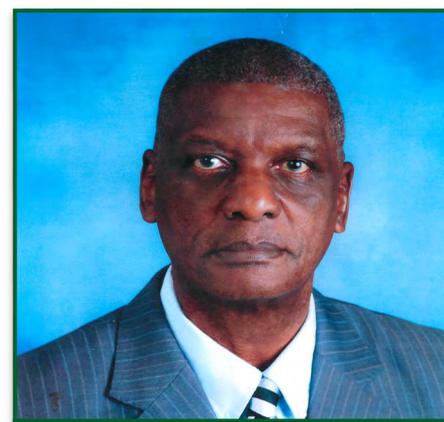
**W. JOHNLEY FERGUSON
VICE CHAIRMAN**



**THERESA DELEVEAUX
TREASURER**



**CHERYL BOWE-MOSS
SECRETARY**



**HENRY CAMPBELL
ASSISTANT TREASURER**



**ITALIA SEYMOUR
ASSISTANT SECRETARY**



**GERALDINE STEVENS
DIRECTOR**

SUPERVISORY COMMITTEE



Renee Mayers
Chairperson



Graham Mckinney
Secretary



Elbert Thompson
Member

CREDIT COMMITTEE



Yvette Cooper
Chairperson



Patrick Smith
Secretary



E. J. Bowe
Member

NOMINATIONS COMMITTEE



Keva Cartwright



Willamae Johnson

EDUCATION COMMITTEE



Barbara Bowe
Chairperson



Doreth Campbell
Member



Shavado Gibson
Member



Marcia Munnings
Member

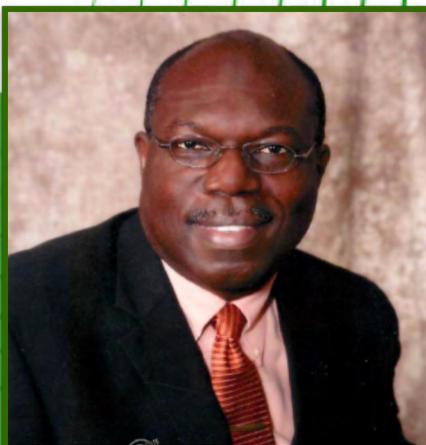


Edith Rolle
Member



Terrence King
Member

SENIOR MANAGEMENT TEAM



Calvin Thompson
General Manager



Deborah Zonicle
Chief Risk Manager



Sophia Moss
Senior Operations Risk Manager

MANAGEMENT TEAM



Lynette Moore
Financial Controller



Elaine Ferguson
Credit Risk Manager



Charlene Stuart
H. R. Manager



Hadassah Marche
Branch Manager Abaco



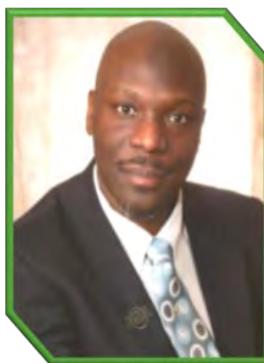
Tonia Percentie
Branch Manager (FPO)



Yvonne Rahming
Marketing Manager



Megan Saunders
Internal Auditor



C. Andrew Pratt
Collections Manager



Joanne Gibson
Asst. Manager Credit



Camille Burrows
Asst. Manager Operations

SUPERVISORS



JACQUELINE WHYMS
CORPORATE SECRETARY



ALFREDA GIBSON
SUPERVISOR ACCOUNTS



MESHA ROLLE
LOANS SUPERVISOR



SAMANTHA COLEBROOK
OPERATIONS SUPERVISOR



CLAUDETTE DANIEL
SUPERVISOR MEMBER SERVICES



DWANYA MILLER
TELLER SUPERVISOR



BIANKA BROWN
SUPERVISOR FREEPORT

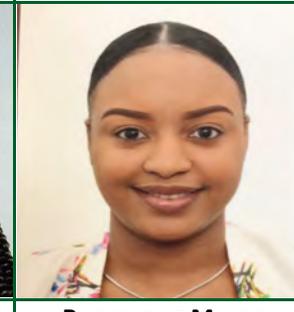


PATRICIA CURRY
SUPERVISOR ABACO

EMPLOYEES

				
TAMARIA GARDINER CHIEF ACCOUNTS CLERK III	EVELYNDA SMITH CLERK III LOANS	KENDRICK MINNS CLERK III (COLLECTIONS)	MICHELINE CERVILI CLERK III (COLLECTIONS)	RHONDA ARTHUR CLERK III (HR)
				
JOANNE BOWE JR. INTERNAL AUDITOR	SHEILAMAE SANDS CLERK II (TELLER)	EARLA MOSS CLERK II (COLLECTIONS)	TALOV WILSON CLERK II (I.T.)	HOLLY PINDER-DEAN CLERK II (COLLECTIONS)
				
ASHLEIGH PAYNE CLERK II (LOANS)	CINDY EDGECOMBE CLERK II (FREEPORT)	FELONIE SHEPHERD CLERK II (HEAD TELLER)	SAMANTHA LIGHTBOURNE ATM CLERK II	MCALÉX CORNEILLE CLERK II (I.T.)
				
ALGINAL COLEBY CLERK II (PROPERTY FPO)	NIGELLA THOMPSON CLERK II (PROPERTY AB)	TIFFANY COOPER CLERK II (OPERATIONS)	LYNDA SMITH CLERK I (LOANS)	ZSIA POITIER CLERK I (I.T.)
				
DONNA DARVILLE CLERK I (LOANS)	CORENE MOXEY CLERK I (MS)	CHEERESE MAJOR CLERK I (COMPLIANCE)	PHILENDRA SYMONETTE CLERK I (MS)	KENDRECKA FERGUSON CLERK I (IT)

EMPLOYEES (CONT'D)

				
SHANIKA BAILLOU CLERK I (FREEPORT)	TROY BABBS CLERK I (HR)	SEKERON DORSETTE CLERK I (TELLER)	JAMAL FRASER CLERK I (TELLER)	BETTY HANNA CLERK I (COLLECTIONS)
				
DAVINYA LIGHTBOURNE CLERK I (ATM)	SONOVIA BUTLER CLERK I (PROPERTY)	JIMICA FRANCOIS CLERK I (MS)	MARIE SEYMOUR CLERK I (MS)	SYRENA HOLLINGSWORTH CLERK I (TELLER)
				
BRANDO POITIER CLERK I (I.T.)	PATRINIQUE ASTWOOD CLERK I (TELLER)	KERTISHA RUSSELL CLERK I (TELLER)	RUBENIQUE MAJOR CLERK I (TELLER)	BODEISHA ROLLE CLERK I (LOANS)
				
CHRISTOFF JOHNSON CLERK I (COLLECTIONS)	PHEONA BROWN STUBBS CLERK I (FINANCE)			

*“The strength of the team is each individual member.
The strength of each member is the team.” - Phil
Jackson*

NOTICE OF THE ANNUAL GENERAL MEETING

TO: MEMBERS IN GOOD STANDING ONLY

NOTE: DELINQUENT OR NON-MEMBERS AS WELL AS CHILDREN WILL NOT BE ADMITTED

MESSAGE: Notice is hereby given that the Forty-second (42nd) Annual General Meeting of the Teachers & Salaried Workers Co-operative Credit Union Limited will be held at the Breezes SuperClubs, West Bay Street, Cable Beach Strip, on Saturday, May 18th, 2019, commencing with registration at 8:00 a.m. for the following purposes:

- ◇ To receive the Report of the Board of Directors for 2018.
- ◇ To receive the Audited Accounts for 2018.
- ◇ To elect members of the Board of Directors.
- ◇ To elect members of the Supervisory Committee.
- ◇ To elect members of the Credit Committee.
- ◇ To discuss and approve the Budget for 2019.
- ◇ To act on such matters as may come before the meeting.
- ◇ To discuss and approve the Bye-Laws.


 Cheryl Bowe-Moss
 Secretary of the Board

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.

Directors	Elected or Reelected	2019	2020	2021
Cheryl Bowe-Moss	2016	*		
Sharon Rahming	2018			*
Henry Campbell	2016	*		
Geraldine Stevens	2017		*	
Walter J. Ferguson	2017		*	
Theresa Deleveaux	2018			*
Italia Seymour	2017		*	

RETIRING SUPERVISORY COMMITTEE MEMBERS

Supervisors	Elected or Reelected	2019	2020	2021
Elbert Thompson	2016	*		
Renee Mayers	2017		*	
Graham McKinney	2018			*

RETIRING CREDIT COMMITTEE MEMBERS

Member	Elected or Reelected	2019	2020	2021
Ernest J. Bowe	2018			*
Yvette Cooper	2016	*		
Patrick Smith	2017		*	

RETIRING NOMINATIONS COMMITTEE MEMBERS

Member	Elected or Reelected	2019
Keva Cartwright	2018	*
Willamae Johnson	2018	*

TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

*Minutes of the*41ST ANNUAL GENERAL MEETING

Theme: **"A Premier Financial Institution Meeting Member's Needs; From the Cradle to the Grave"**

1.0 CALL TO ORDER

The 41st Annual General Meeting (AGM) of the Teachers and Salaried Workers Co-Operative Credit Union Limited was called to order at 9:14 a.m. by Chairperson Mrs. Sharon Rahming,

1.1 Chairperson, Mrs. Sharon Rahming apologized for the meeting starting late due to an operational problem with the registration system.

1.2 Chairperson, Mrs. Sharon Rahming invited everyone to turn to the agenda on page-5 of the AGM booklet for an amendment. Immediately after the Audited Reports, Financial Status Statement, she stated the General Manager, Mr. Calvin Thompson will make a presentation to the members on a product. Also, all were directed to delete the Bye-Laws Amendments.

2.0 APOLOGIES

Chairperson, Mrs. Sharon Rahming gave apology for Director, Mr. Johnley Ferguson, who was recently released from hospital and not able to attend the meeting. She asked everyone to keep him in prayer.

3.0 PRAYER

3.1 Chairperson, Mrs. Sharon Rahming invited all to stand as Father Berkley Smith was invited to the podium for the invocation.

3.2 The National Anthem was sung.

4.0 READING OF THE ANNUAL GENERAL MEETING NOTICE

Secretary, Mrs. Cheryl Bowe-Moss read the notice of the AGM found on page-6 of the booklet.

5.0 ADOPTION OF THE AGENDA

5.1 Motion to adopt the agenda as amended was moved by Mrs. Edna Ginton, seconded by Ms. Jill Saunders and was carried.

6.0 ASCERTAINMENT OF QUORUM

Secretary, Mrs. Cheryl Bowe-Moss stated that at 9:15 a.m., there was one-hundred nineteen (119) registered members and the requirement is 100 persons for a quorum. Therefore, we have a quorum.

7.0 WELCOME

Chairperson, Mrs. Sharon Rahming welcomed everyone to the Forty-First (41st) Annual General Meeting of the Teachers & Salaried Workers Co-Operative Credit Union Limited and introduced herself. Special welcome was extended to:

7.1 Mr. Walter Evans, Secretary of the Board of The Bahamas Co-Operative League Limited (the League) and Mr. Welbourn Cunningham, Director of The Bahamas Co-Operative League Limited.

8.0 GREETINGS FROM THE LEAGUE

Chairperson, Mrs. Sharon Rahming invited Mr. Walter Evans to the podium to bring greetings on behalf of the League.

Mr. Walter Evans thanked Chairperson, Mrs. Sharon Rahming for the introduction. He thanked and congratulated the Teachers & Salaried Workers Co-Operative Credit Union Limited on the selection of a timely theme, "A Premier Financial Institution Meeting Members' Needs: From the Cradle to the Grave." He stated that we are in an economy which is very liquid and competitive for all Credit Unions and financial institutions. The Teachers & Salaried Workers Co-Operative Credit Union Limited however, must be credited for an excellent job that despite competition, Assets grew by 4 percent and Equity grew by 6.4 percent. That is commendable and deserving of a round of applause.

Mr. Walter Evans encouraged the Credit Union to be the leader within Co-Operatives in The Bahamas because it is the larg-

est, most progressive and empowers its members for a better quality of life.

He further commended the Credit Union for its Youth Programs at Preston Albury High School in Rock Sound, Eleuthera, Huntley Christie High School in North Andros and C. R. Walker High School in New Providence.

Once again, he congratulated the Credit Union and gave best wishes for a successful and productive Forty-First AGM.

9.0 MEETING PROTOCOLS

9.1 Assistant Secretary, Mrs. Italia Seymour read the Standing Orders on page 5.

9.2 Chairperson, Mrs. Sharon Rahming asked all to govern themselves accordingly.

10.0 READING OF THE 40TH AGM MINUTES

10.1 Secretary, Mrs. Cheryl Bowe-Moss read the minutes of the 40th AGM.

10.2 Mr. Ernest Bowe moved a motion to suspend the reading of the minutes. The motion was seconded by Ms. Yvette Cooper and was carried unanimously.

11.0 CORRECTION OF THE 40TH AGM MINUTES

11.1 Page 13, item 17.7.1, fourth line add an "s" to "require".

11.2 Page 14, item 17.11.3, second sentence change "don't" to "do not" and add an "s" to "need".

11.3 Page 15, item 17.23, insert "could" before "be".

11.4 Page 16, item 17.32, second line capitalize the "t" on "the" before "Bahamas" and wherever it is found throughout the document.

11.5 Page 18, item 21.2. delete the "s" on "means".

11.6 Page 18, item 21.2.1, second line insert "from" after "retained".

11.7 Page 24, item 27.15.1, third line insert "shares" after "(5,000)".

11.8 Page 25, item 31.3, first line, delete "the" before "reflected".

11.9 Page 26, item 31.7, third line add an apostrophe "s" to "Bank".

11.10 Page 26, item 31.9, third line delete "and" after "which".

12.0 APPROVAL OF THE 40TH AGM MINUTES

12.1 Motion to approve the meeting minutes of the 40th AGM with corrections was moved by Ms. Willamae Johnson, seconded by Ms. Antona Curry and was carried unanimously.

13.0 MATTERS ARISING

13.1 Page 10, Items 14.22 and 14.23 - Father Berkley Smith voiced concerns over the rent provisioning totalling \$27,939, representing outstanding rent for five (5) tenants in the Freeport Complex and \$10,805 for outstanding rent in Abaco. He requested an explanation for what he termed an astronomical sum of monies.

13.1.1 Treasurer, **Ms. Theresa Deleveaux** advised that the explanation would be addressed in the Treasurer's Report.

13.2 Page 23, Item 27.13.1 – Mrs. Edna Glinton requested clarification on the proposed interest rates on loans and asked if it was a fixed or variable change.

13.2.1 Treasurer, Ms. Theresa Deleveaux advised that it was both fixed and variable. She noted that management was asked to work with persons regarding different rates. For example, if someone comes in requesting a cash secure loan, they would get a different rate however, if it is a debt consolidation loan, the rate would be different because of the risk. The rate is at the discretion of management. The Loans Department will sit with a member and based on their needs will offer the best possible rate.

13.2.2 Mrs, Edna Glinton asked if it was explained to members at the onset that they will be at a disadvantage if they were high risk, because greater risk attract higher interest.

13.2.3 Mr. Calvin Thompson advised that the credit union has a set of agreed rates based on the various loan portfolio. There is a full range of loan products that includes: new automobile, used automobile, real es-

tate and any number of different products. Each product carries a certain rate and the Credit Union is endeavouring to manage its guaranteed credit risk. The major considerations that determines the rate on the various loan products is whether the loan is properly collateralized. For example, if a loan is 80% collateralized, then the rate is likely to be lower. If the exposure is significant, such as if the loan is valued at \$100,000 but the member has \$5,000 shares, the Credit Union will take into consideration the character of the member and may extend credit that may attract a higher rate.

- 13.2.4 Mrs. Edna Ginton stated the explanation sounded more like a bank than a credit union, but she will let that point go.
- 13.3 Page 24, Item 27.16.2 - Mrs. Edna Ginton asked if the information session on the bye-laws was held in July 2017 as was advised by then Chairman, Mr. Lenn King.
- 13.3.1 Chairperson, Mrs. Sharon Rahming reported that the session was held.
- 13.4 Page 14, Item 17.11.1 – Mr. Sherlyn Hall requested clarification on whether members were encouraged to purchase equity shares and if they were still available.
- 13.4.1 Treasurer, Ms. Theresa Deleveaux responded in the affirmative adding that as explained earlier by Chairperson, Mrs. Sharon Rahming; General Manager, Mr. Calvin Thompson, will give a presentation on equity shares after the budget report.
- 13.5 **Ms. Antona Curry questioned based on the General Manager's clarification of the rates, if members were educated on their options adding that they were just learning about the rates now.**
- 13.5.1 Mr. Calvin Thompson stated that he was a little bit surprised that persons were just made aware of the risk-based rates. Risk-based lending has been the practice for at least the past two (2) years and during that time a few persons (at the AGM) were granted credit and should have been made aware. Clearly, there is a need for further education to strengthen our programs which will be taken under advisement. There are several additional products that are planned to be launched that we need to make sure that all are thoroughly aware of.
- 13.6 Page 24, Item 29 – Mrs. Edna Ginton voiced concern with the Board of Directors' election where it says that "Ms. Antona Curry explained that nominations can be taken from the floor, and you must have two-thirds of the numbers approving." Mrs. Edna Ginton stated her concern is you have a Nomination Committee, with a nomination process that is done prior to the AGM therefore, what is the purpose of that Committee if nominations can be taken from the floor. Years ago, before a Nomination Committee was put in place, an issue arose because anyone could walk in and stand up on the floor, make noise, get support and get on the Board. The Nomination Committee was brought about to protect the body or the membership from such an assault. It is dangerous because you do not know what qualification that person has. Anyone who wants to nominate has a period to apply and the application is perused for that purpose. If someone is nominated from the floor, you do not have the opportunity to peruse their credentials. **We must know who these persons are because they will be controlling millions of dollars' worth of assets and** accepting persons from the floor is very disturbing, because it leaves us vulnerable. We must consider the members who are not on the Board, do not know what is going on, but depend on those persons in authority to protect their interests, not the interests of friends, family and lovers.
- 13.6.1 Chairperson, Mrs. Sharon Rahming thanked Mrs. Edna Ginton for her remarks. She advised that the Board was concerned, adding it is the duty of the Nomination Committee to scrutinize every candidate and make recommendations. Further, there are criteria to ensure that the candidates are people who have been examined and can sit on the Board.
- 13.7 Mr. Leroy Sumner voiced that it would be nice if the General Manager, Mr. Calvin Thompson include in the AGM booklet next year all the variable loan rates and risk qualifiers, so everyone may be made aware of what they are to prevent favouritism. Because, if it is left to the discretion of the Lending Officer, they may discriminate and give somebody a lesser interest rate, who is at risk and give somebody else a higher rate who has collateral. He suggested that if the Supervisory Committee was functioning properly, perhaps they might catch if there is a level of discrimination. Everyone should be treated equally. Secondly, with regards to the Nomination Committee, when the new Act was passed into law in 2015, he was a part of the Committee that worked with the Central Bank on the Act and they wrestled with nominations from the floor. The credit union had a Nomination Committee in place and it was working perfectly. Further, it was said by the Nomination Committee that to nominate for the Board, a person

needed to go through the Education Committee, then onto the Supervisory Committee and then the Board. However, the Central Bank and the Department of Co-Operatives said you had to do away with that and you must have nominations from the floor. That is why it is still there (in the Act) and why nominations from the floor was entertained last year and must now continue until it is corrected.

- 13.7.1 Treasurer, Ms. Theresa Deleveaux stated that she was a regulator at the Department of Co-Operatives and at the Central Bank and she was a part of the same Committee that Mr. Leroy Sumner was a part of and they never wrestled with the nomination decision. The movement explained to the regulators at that time that there was a criteria for becoming a part of the Board. She further stated that she had an AGM booklet with her that detailed the criteria for Board members to have a certain amount of funds, and this was approved by Central Bank as well. Board Directors should have at minimum \$5,000 in the credit union and Committee Members \$2,500 if they were to be a part of the decision making it was felt they should have funds in the credit union and should have attended three (3) prior annual general meetings. No new criteria was adopted for Teachers Credit Union Nomination Committee.
- 13.7.2 Mr. Leroy Sumner advised that he was the Chairman of the Committee that developed the new 2015 Act and he assured that they wrestled with that idea of the criteria for serving on the Board, however, the Central Bank and the Department of Co-Operatives prevailed on nominations from the floor. He stated that the same issue arose two (2) years ago and a member who now sits on the Board stated, they will seek nomination from the floor.
- 13.8 Page 27, Item 33.4 – Mrs. Edna Glinton read the passage: "Ms. Antona Curry advised since there were only two (2) positions and nominees, Ms. Willamae Johnson and Ms. Keva Cartwright were elected to the Nominations Committee." Mrs. Edna Glinton requested clarification on why nominations were not requested from the floor in this instance.
- 13.8.1 Chairperson, Mrs. Sharon Rahming advised that nominations for the Nomination Committee at the AGM was new. The Committee will be made up of two (2) elected persons and three (3) Board members. Further, since only two (2) persons were nominated there was no need for an election from the floor.
- 13.8.2 Mrs. Edna Glinton questioned why nominations was taken from the floor for the Board; when only three (3) positions was available and the same number of persons nominated but not when the same instance applied for the Nominations Committee.
- 13.8.3 Chairperson, Mrs. Sharon Rahming advised that there was some confusion, however, going forward, the Nomination Committee will be directed to work as a team.
- 13.8.4 Mrs. Edna Glinton stated that persons elected to positions are the servants of the people and elected to do a job. Therefore, no further applications should be accepted after the deadline for nominations are closed. A robust discussion ensued.
- 13.8.5 Ms. Antona Curry advised that she was the Chairperson of the Nomination Committee last year (2017) and the actions taken was governed by the Act.
- 13.9 Mr. Donald Symonette observed that the Minutes did not specify the names of members, who nominated individuals for the various vacancies; nor did it indicate the term limits or rotation of the persons serving on the Nomination Committee. He also commented on the varying interest rates raised by the General Manager (Mr. Calvin Thompson) earlier in the meeting stating that when he sat on the Board it was the purview of the Board to manage the Credit Union, and not left up to management. He stated that management names were not on the ballot running for positions. It is therefore, the responsibility of persons sitting on the Board to manage the Credit Union and it was unfair of the Board to pass that responsibility to management. Further, the Board should be well versed on all options placed before the AGM. He cautioned the Board to be careful with varying interest rates because they fought very hard for members to join the Credit Union and have rights that were changed to equity. You cannot have non-members. He urged the Board to stick with how this great organization was built and to be transparent in their report to the membership.
- 13.9.1 Chairperson, Mrs. Sharon Rahming informed the AGM that the organization is regulated by the Central Bank and the Regulator tells management certain things that the Board is not privy to.
- 13.9.2 Mr. Donald Symonette stated that the Central Bank are the Regulators and not the boss of the Credit Union.

14.0 BOARD OF DIRECTORS' REPORT - 2017 YEAR IN REVIEW

- 14.1 The Report found on page-1 was read into the Minutes by Chairperson, Mrs. Sharon Rahming.
- 14.2 **Motion to accept the Board of Directors' Report was moved by Mr. Leroy Sumner, seconded by Mr. Christoff Cartwright.**
- 14.3 Mr. Christoff Cartwright asked if the Board had long term plans and a vision for embracing new globalization changes such as cryptocurrency.
- 14.3.1 Chairperson, Mrs. Sharon Rahming advised that the Credit Union does not have plans for cryptocurrency adding that the Credit Union movement is not like the banks, it is limited in what the Regulators, the Central Bank would approve.
- 14.3.2 Mr. Leroy Sumner stated that cryptocurrency is so new that The Bahamas is not on that wavelength yet however, it will come in time.
- 14.4 Mr. Leroy Sumner referred to the credit cards adding that he was made to understand that the Board has moved away from The Bahamas Co-Operative League credit cards program and was establishing its own credit cards with another bank. He noted that all Credit Unions came together and sponsored one card via The Bahamas Co-Operative League for the greater good of all of Credit Unions. He asked if members with credit cards were formally informed and if there was a formalized agreement with some other bank for new credit cards that only the Teachers Credit Union is party to.
- 14.4.1 Chairperson, Mrs. Sharon Rahming advised that the Board will hold an educational session for members on the new products such as the credit card. The reason the move was made away from The Bahamas Co-Operative League was because of lower credit card interest rates.
- 14.4.2 Mr. Leroy Sumner stated that the move might be a sad occasion because The Bahamas Co-Operative League is owned by all Credit Unions and the body was put in place to ensure things were done for the benefit of the membership. Further, because there is strength in numbers they were able to negotiate with Scotiabank to secure a reasonably good rate for the credit cards. He stated that if Credit Unions continue to move away from The Bahamas Co-Operative League that it was only a matter of time before it collapse therefore serious thought should be made for the greater good.
- 14.4.3 Chairperson, Mrs. Sharon Rahming advised that the new interest rate on the cards will be between 10%-15%.
- 14.4.4 Treasurer, Ms. Theresa Deleveaux responded to Mr. Leroy Sumner by advising that Teachers Credit Union had only one hundred and fifty (150) active credit card holders with The Bahamas Co-Operative League at an interest rate of 15%. Management presented to the Board a credit card package where members could benefit with a 10% rate hence the move to Fidelity. The area the League will greatly benefit from is the participation of members in the Insurance Company, this in turn will benefit the credit union because that is where we put our money. The Bahamas Co-Operative League has planned some awesome educational programs or training sessions that we should support. They should also be supported because they are our parent company.
- 14.4.5 Chairperson, Mrs. Sharon Rahming stated that it is up to the affiliates to support The Bahamas Co-Operative Insurance.

15.0 TREASURER'S REPORT

Treasurer, **Ms. Theresa Deleveaux was invited to the podium to present the Treasurer's Report.** She stated that it was an **honour to present the Treasurer's Report for the year**-ending 31st December 2017 and that despite the depressed economy, the Credit Union was still able to see significant growth. The following was highlighted:

- 15.1 Assets totalled \$206,256,805 an increase of \$7,742,419 or 3.9% compared with December 2016, where the balance was \$198,514,386.
- 15.2 Liabilities totalled \$187,190,721 an increase of \$6,593,612 or 3.7% compared with December 2016 balance of \$180,597,109.
- 15.3 Equity totalled \$19,066,084 an increase of \$1,148,807 or 6.4% compared with December 2016.
- 15.3.1 Note was made of the need to strengthen equity which stood at a ratio of 6.4% but should be at 10%.

- 15.4 Income totalled \$14,051,512 and Expenses totalled \$12,963,334, resulting in a Net Profit of \$1,088,178.
- 15.5 The Board and Management during 2018 will continue to aggressively follow up on delinquent loans and ensure that rent receivables are collected in a timely manner.
- 15.5.1 The Board instructed management that all loans deemed uncollectable or delinquent twelve (12) months and over be sent to collection agencies allowing the Collections Department to focus on uncollectable rent. This is critical in keeping loan loss provisioning and outstanding rent to a minimum and essential to the Credit Union realizing a net profit at year end.
- 15.6 The breakdown of those expenses:
- 15.6.1 Nassau Office at the end of December 2017, Income totalled \$10,028,223 and Expenses totalled \$9,508,209 resulting in a Net Profit of \$520,064. Net Profit on the Investment Properties totalled \$128,675.
- 15.6.2 Grand Bahama Office at the end of December 2017, Income totalled \$2,693,581 and Expenses totalled \$1,708,392 resulting in a Net Profit of \$985,189. Net Profit on the Investment Properties totalled \$708.
- 15.6.3 Abaco Office at the end of December 2017 Income totalled \$1,329,660 and Expenses totalled \$1,746,735 resulting in a Net Loss of \$417,075. Net Loss on the Investment Properties totalled \$639,925.
- 15.7 Based on concerns raised at the AGM last year on the high costs, the Board put in place many changes to try to cut down on expenses, especially on Board and Committees. No travel expenses were incurred for the Board and Committees during 2017. Travel was approved for one (1) Board member who resides in Eleuthera, however, that was cancelled and was rescheduled last year; as a result, Travel Expenses totalled \$6,920. Board and Committees travel decreased by 86.5%.
- 15.7.1 As a reminder, note was made that all Board and Committee Members are mandated to receive training, especially new Board Members.
- 15.7.2 The Bahamas Co-operative League puts on training every year and it is important that each Committee ensures that they get the necessary training to carry out the mandate of the members who elected them.
- 15.8 Staff Training and Development: The Board has asked management to ensure that all staff undergo training in relevant certification courses that will enable them to understand and perform in their jobs and give the very best service in the shortest possible time.
- 15.9 Members education is an area that the Board desires members to take note of and attend educational sessions held. The Education Committee this year had put on some informative seminars however, they were poorly attended. The educational sessions are geared towards helping members to understand the concept of the movement.
- 15.10 Board and Committee pocket expenses remain the same as approved by the AGM with note on reductions to those expenses.
- 15.11 An area that is of concern and must be paid attention to are loan provisions. When loans become delinquent from 1 to 365 days, 35% must be provided for in accordance with the PEARLS standards for Credit Unions. When delinquent loans reach the 365-days bracket, they must be 100% provided for. Going forward however, the Credit Union must provide for a loan from inception. This will be explained later by the Auditors.
- 15.12 Later in the year the Credit Union will be holding financial counselling seminars to assist members with preventing delinquency and loan qualifications.
- 15.13 Bad Debt – Investment Properties: \$29,650 was written off as bad debt on the properties. The Abaco investment property will require brainstorming on ways to market and attract good tenants. The Credit Union is working to market the properties via advertisements and promotions that are expensed in operational expenses.
- 15.14 Donations: A budget of \$10,000 is set for donations which the Credit Union tries to stay within.
- 15.15 Value Added Tax (VAT): There was an increase in VAT charges and it continues to rise.
- 15.16 Investment Properties:
- 15.16.1 The lease for the East Street Complex was signed and received on February 19th, 2018 as well as a rent cheque in the amount of \$364,371. The outstanding rent as of last month for the East Street Complex is less than one month's expenses or \$34,905; the Credit Union will continue to pursue rent.

- 15.16.2 Tonique Darling Highway Plaza outstanding rent totals \$20,428 with a write-off of \$60,000 from a tenant, who was evicted. The Collections Department will pursue collection of outstanding rent.
- 15.16.3 The Freeport Plaza as at December was owed \$84,360 and that increased as of last month to \$106,092 of which, the Ministry of Health owed \$85,721.
- 15.16.4 The Abaco Complex as of December 31st, 2017 outstanding rent was \$36,386. To date, as of last month, the outstanding rent is \$27,720 and the overall total stood at \$194,408.
- 15.17 Statutory Reserves stood at 6.4% instead of at 10% per PEARLS standards which is a shortage of \$7,825,681.
- 15.18 Delinquency at the end of December 31st, 2017 had 813 delinquent loans, totalling \$15,332,125 and provision of \$4,720,133 was made for 66 loans valued at \$13,048,915. Security held against those loans totalled \$15 million with an exposure totalling \$7,611,638, for which the Credit Union had to provide provisions totalling \$4,729,133. The Board has instructed management to hire a collection agency which has more time and energy and expertise to go after outstanding funds.
 - 15.18.1 Ratio of delinquent loans in the 12 months versus all delinquent loans, is 56.8% of the total loan portfolio.
 - 15.18.2 The total delinquent loans more than 1 to 30 days at the end of 2017 stood at 15.6%, which is above the required PEARLS standard of 5%.
 - 15.18.3 As at December 31st 2017, the outstanding balance on mortgages totalled \$8,303,047. The Board will **continue to monitor management's collection efforts in accordance with policy. All delinquent loans 365-days and over, which have been deemed uncollectable in accordance with international accounting standards, will be outsourced to a collection agency. Advertisement of delinquent mortgages will be placed in the newspaper for recovery of the Credit Union assets.**
- 15.19 Statutory Liquidity stood in accordance with the PEARLS standard.
- 15.20 If Members' Equity is below 10% of assets, there can be no dividend payments on qualifying and equity shares.
 - 15.20.1 The statutory reserve under Members' Equity is below the 10% standard at 6.21 of total asset which is a shortfall of \$7,825,681. As stated earlier, this must be corrected over the next five years to be compliant with the law and avoid the possibility of having to pay a penalty to the Regulator.
- 15.21 Although the Credit Union made a profit during 2017, there is still much to be done to yield a more profitable bottom line and become fully compliant with the law. To achieve this goal, we must offer the best products and services that will assist our members to become financially sound.
- 15.22 Treasurer, Ms. Theresa Deleveaux extended thanks and appreciation to management and staff, especially the Accounts Department, for the assistance rendered for the past three years she served as Treasurer. She thanked fellow Board and Committee Members for the confidence, cooperation and support shown over the years. Sincere appreciation and thanks were extended to the membership, for the opportunity to serve because without them there would be no Credit Union.
- 15.23 **Motion to accept the Treasurer's Report was moved by Ms. Eleanor Bain, seconded by Mr. Elbert Thompson and was carried.**
- 16.0 **QUESTIONS FROM THE FLOOR ON THE TREASURER'S REPORT:**
 - 16.1 Ms. Eleanor Bain asked what strategies the Board and the Management Team have in place to collect on outstanding loans and if the delinquent loans were setup for salary deductions.
 - 16.1.1 Treasurer, Ms. Theresa Deleveaux advised there is a delinquency policy in place for management to follow such as, phone calls after so many days a loan is delinquent, sending letters and then if necessary, proceeding to the court for judgment. Delinquency over 12-months, which is the biggest category will be sent to a collection agency to pursue. Some delinquency loans were setup for salary deductions and others by way of standing cheques that bounce.
 - 16.2 Mrs. Edna Ginton commended the Treasurer on cutting down Board and Committees travel and meeting expenses. She noted comments made earlier on credit cards and recommended considering ways to reduce members debt focusing on saving and moving away from members only owing.

- 16.2.1 Treasurer, Ms. Theresa Deleveaux reported that direction was given to market the credit cards to persons who do not have any debt at 10% interest rate. The credit cards must be cash secured.
- 16.2.2 Treasurer, Ms. Theresa Deleveaux highlighted efforts made to reduce expenses by comparing the cost of the AGM last year that totalled \$65,000 versus saving \$37,000 to hold the AGM in the current venue.
- 16.3 Treasurer, **Ms. Theresa Deleveaux corrected the second paragraph under delinquency in the Treasurer's Report** that stated the Delinquency Department collected \$86 million was incorrect.
- 16.4 Mr. Christoff Cartwright suggested the Credit Union divested itself of the Abaco Complex because of its sustained losses that were cutting into members' profits.
- 16.4.1 Treasurer, Ms. Theresa Deleveaux advised that it would be difficult for the Credit Union to divest itself of the Abaco Complex and get a return on the \$17-plus million dollars that was spent to build it. However, once the building is fully rented, it should be able to sustain itself. She reported that Bahamas Power and Light is looking at renting three (3) units.
- 16.4.2 Mr. Christoff Cartwright recommended monitoring the project to see where it is for another two (2) years.
- 16.4.3 Mr. Christoff Cartwright questioned how long home and auto insurance was in place for members and recommended the Credit Union do better with communicating its products and services.
- 16.5 Mr. Leroy Sumner questioned if VAT was a passthrough transaction that is collected on one hand and payed out on the other hand.
- 16.5.1 Ms. Lynette Moore, Assistant Financial Controller reported that for most businesses with the exception of financial institutions, VAT is a passthrough expense. However, because financial institutions primary interest is interest income, all VAT expenses that can be allocated against interest income financial institutions must bear.
- 16.6 Mr. Leroy Sumner stated that the Central Bank is working to make the Credit Bureau a reality. This should be a subject of an education seminar to help members understand that if their credit score falls below a certain threshold, inasmuch as the Credit Union may want to lend, it will be constrained in doing so. He counselled members on the importance of keeping their credit in good standing.
- 16.7 Mr. Leroy Sumner advised that the Teachers Credit Union stands head and shoulders above most in the Marsh Harbour, Abaco area and may pose a challenge to certain sectors. He recommended the Board consider whether the time has come to negotiate with segments of the island with a view of cutting losses.
- 16.7.1 Treasurer, Ms. Theresa Deleveaux stated that the Board has recommended selling the Abaco Complex.
- 16.8 Ms. Antona Curry questioned why persons are permitted to stay in rental units if they are not paying rent resulting in a loss of \$60,000 to the business when they should be evicted after three (3) months of non-payments and why the outstanding funds are written off.
- 16.8.1 Treasurer, Ms. Theresa Deleveaux advised that when outstanding rents are written off it is just taken off the books, however, the Credit Union will continue to pursue outstanding rents including going through the courts.
- 16.8.2 Ms. Antona Curry asked how long tenants were permitted to stay in the unit without paying and was advised by Treasurer, Ms. Theresa Deleveaux approximately six (6) months and they owed \$5,000. During the time the tenant was in the unit, they would intermittently make small payments on the rent.
- 16.9 Ms. Antona Curry suggested for the next annual report that the travel expenses for the Board and each Committee be broken down to see what was spent on each. She also asked for information on the insurance and where they can find information on it.
- 16.9.1 Treasurer, Ms. Theresa Deleveaux advised that the insurance company is in Oakes Field in The Bahamas Co-Operative League building. Staff at the Credit Union will also be able to assist with information.

17.0 **EXTERNAL AUDITOR'S REPORT**

Mr. James Gomez of Baker Tilly Gomez was invited to the podium to present the report.

17.1 Mr. James Gomez thanked the organization for choosing Baker Tilly Gomez to serve as their external auditors. He asked permission to forgo the reading of the Auditors' Report and just explain the nature of the report issued highlighting sections on page 41, page 42, concluding on page 43.

17.2 Secretary, Mrs. Cheryl Bowe Moss made a motion that the Auditor read the last paragraph on page 3 of his report, which is the principal item. The motion was seconded by Mr. Patrick Smith and was carried.

17.3 Mr. James Gomez read the Auditors' Opinion as follows:

We have audited the financial statement of Teachers & Salaried Workers Co-Operative Credit Union Limited (the Credit Union) which comprise the statement of financial position as at December 31st, 2017, and the statement of comprehensive income, statement of changes in members' equity, and the 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 31st, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards. The basis for our opinion: We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We were independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statement in The Bahamas, and we have fulfilled our other ethical responsibilities and the evidence obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is an unqualified opinion, meaning that the financial statements are free of material misstatements.

17.4 Motion to accept the Auditors' Report was moved by Mr. Leroy Sumner, seconded by Secretary, Mrs. Cheryl Bowe-Moss and was carried. Chairperson, Mrs. Sharon Rahming then opened the floor for questions.

17.5 Mr. Leroy Sumner referred to page 20 where it noted that as at December 31, 2017 one (1) member had a loan totalling \$2,199,141. He asked if that figure was correct.

17.5.2 Credit Committee Member Mr. Patrick Smith stated that it was his understanding loans should be capped at \$50,000 and that loans of a certain size should be presented to the Credit Committee for evaluation, review and approval. He requested clarification.

17.5.3 Treasurer, Ms. Theresa Deleveaux advised the loan was made by an affiliate Credit Union and is permissible in the Act. Further, the affiliate is known to repay their loans before the end of the term.

17.5.4 Mr. Leroy Sumner asked if the \$2million loan was the reason for the increase in receivables from related parties, which went from \$2 million to \$8 million. Mr. James Gomez advised that yes it was the reason for the increase.

17.6 Ms. Keva Cartwright asked if thought was given to the Credit Union fully divesting itself of the Abaco and Freeport properties and making investments in secure or higher earning investments such as government registered stock.

17.6.1 Treasurer, Ms. Theresa Deleveaux advised that once the Ministry of Education rent is regularized in Grand Bahama the Freeport property will not be at a net loss.

17.6.2 Ms. Keva Cartwright stated the problem is not if the properties are at a net loss but the amount of time, talent and money expended to make the properties profitable is too high.

17.6.3 Treasurer, **Ms. Theresa Deleveaux stated that the investment properties are a part of the Credit Union's reality that we must work to make profitable; this means covering expenses.**

17.7 Mrs. Edna Glinton requested clarification on the Available for Sale Investment that had a significant increase of \$10million.

17.7.1 Ms. Noreen Campbell of Bakery Tilly Gomez advised that the Available for Sale Investment was made up of The Bahamas Government Registered Stocks and the increase was a result of the Credit Union acquiring \$17 million of government debt and some private bonds. Government bonds are very secure, pay interest every six (6) months, and are short investments.

17.8 Mr. Elbert Thompson questioned a section of the Treasurer's Report regarding members with loans repaid through salary deductions who caused those payments to cease resulting in delinquent loans. He suggested considering having members, particularly those who borrow large sums, making the Credit Union their sole banking institution where their full salary is sent instead of relying on a third party.

17.8.1 Treasurer, Ms. Theresa Deleveaux advised that most members are not in a position to have their salaries sent to the Credit Union. Members stopping their salary deductions has proven to be a vexing problem to the point that it was found in at least one case, that fraudulent salary deduction forms were sent in. When the deductions were investigated, the company said they had no knowledge of the form and did not recognize the signature.

17.8.2 Mr. Elbert Thompson stated that the funds in the Credit Union belong to the people and therefore every precaution must be made to ensure that loans are repaid.

17.9 Mr. Elbert Thompson recommended that more emphasis be placed on marketing/promoting products and services

17.9.1 Treasurer, Ms. Theresa Deleveaux advised that the Board is focused on marketing and suggested that **members can help by marketing the Credit Union's products and services to their friends and family.**

18.0 2018-2019 PROPOSED BUDGET

Treasurer, Ms. Theresa Deleveaux presented the 2018-2019 proposed Budget found on page 32-34 highlighted as follows:

18.1 Operational Income approved budget in 2018 was \$13,573,733, but the actual amount showed a decrease with a total of \$13,087,412.

18.2 Expenses for 2018 was approved budget was \$12,012,948; and in 2019 it proposed to increase it to \$13,116,128 [sic].

18.3 Net Income for 2018 was \$1,560,785; and in 2019 it is proposed to set Net Income at \$691,292.

18.4 Investment Properties proposed budget for 2019 is \$371,840. However, please keep in mind that during 2018 and 2019, loans must be provided for from the first day. Therefore, provisioning must increase.

18.5 Mrs. Edna Glinton requested clarification on line 5, Loan Skip Payment Fees and the huge increase from the actual amount in 2017 of \$37,120 and the \$185,220 budgeted for 2019.

18.5.1 Treasurer, Ms. Theresa Deleveaux advised that the Credit Union introduced a skip payment product that allows members to skip two (2) loan principal payments per year. They are only required to pay the loan interest and a fee. The gap in the actual and the projected is because the Credit Union is hoping to sell more of this product. A review of the product will be carried out every quarter and if there is a need adjustment can be made

18.6 Mrs. Edna Glinton questioned why the budgeted amounts attached to Manager's Cheques and Other Fees and Income are so much more than the actual.

18.6.1 Treasurer, Ms. Theresa Deleveaux stated that she will put a note to that line item and they will look at it after the first quarter.

18.7 Mrs. Edna Glinton referred to line 38, Board and Committee meetings and questioned why the actual was \$5,067 yet the budgeted amount is \$15,750 for 2018, and \$8,138 for 2019.

18.7.1 Treasurer, Ms. Theresa Deleveaux advised it was increased to include Credit and Education Committees meetings.

18.8 Mrs. Edna Glinton referred to line 63 Bad Debt Expenses and asked if \$2 million was the actual figure.

18.8.1 Treasurer, Ms. Theresa Deleveaux advised that the \$2 million was the actual figure. With the new accounting system loans must be provided for from the first day. They are hoping however, with the use of collection agencies there will be a decrease.

18.9 Mrs. Edna Glinton noted line 67 and asked why \$4,200 was budgeted for Postage and Courier Services and she recommended going paperless

18.9.1 Mr. Calvin Thompson advised that files and documents are being transferred back and forth between the branches and Nassau, however, they can consider sending documents/files electronically. He further

noted that the cost for postage and courier service was reduced significantly from \$6,000 to \$4,000 because of efforts made.

18.9.2 Mrs. Edna Glinton stated she found it odd that the budget for 2019 was increased to \$8,000 and inexcusable when we should be going paperless, not just with the members.

18.10 Mr. Leroy Sumner remarked on not seeing anything aggressive in the budget to take advantage of what is happening in the banking system with banks closing their doors everywhere leaving an opportunity for Credit Unions to step into the breach. He asked if the Board has considered providing services in the Family Islands.

18.10.1 Treasurer, Ms. Theresa Deleveaux advised that the Board is exploring this but require a feasibility study to determine if it is viable to open new branches.

18.10.2 Mrs. Edna Glinton suggested the Credit Union think more like banks and not think brick and mortar for offices in the Family Islands but offering online services. The Credit Union should be more technologically forward thinking and capture the opportunities that are there.

18.10.3 Treasurer, Ms. Theresa Deleveaux advised that other Credit Unions were offering services to the Family Islands, the Board has to brainstorm if or where there is a need for our Credit Union to do the same.

18.11 Mr. Leroy Sumner noted the reduction in Board travel expenses in the 2018 and 2019 budgets.

18.11.1 Treasurer, Ms. Theresa Deleveaux advised that the three (3) trips directors use to take per year was reduced to one (1).

18.12 Motion to accept the 2019 Proposed Budget was moved by Mr. Alfred Poitier, seconded by Mr. E. J. Bowe and was carried.

19.0 GENERAL MANAGER PRESENTATION

Chairperson, Mrs. Sharon Rahming invited Mr. Calvin Thompson, General Manager to the podium to address the membership highlighted below:

19.1 Mr. Calvin Thompson referred to the PEARLS Ratio Analysis on page 31 of the booklet noting that several of them needed to be improved. One of the prudential norms or the ratios that the management team decided to target for any number of different reasons, is the capital ratio. The strength of an organization lies in its capital base and an organization is seen to be strong and robust once it meets the basic capital requirements. The capital ratio should be at 10% of our assets; right now, it is 9.38%.

There are several ways in which we can generate capital in addition to income. One is direct investment into the Credit Union by members via the purchase of shares. In this instance, equity shares. Sometime back an effort was made to promote equity shares, and all were invited to invest directly into the institution by purchasing equity shares. After several months, we discovered that those shares had not been fully subscribed or able to assist us in meeting our capital requirements. Progress has been made however, and we are closer than we have ever been before. So we wish to incentivize the members by making an announcement regarding a special offering that is being made available to all members in order for us to meet our capital ratio.

For us to meet our capital ratio, we ask members to assist us by approximately \$2.5 million to meet our capital ratio via the purchase of 50,000 equity shares that will be held for a year or two at a sale price of \$50.00 per share. A guarantee that the rates will be above and beyond the rates on our fixed deposits of 3.25% repaid at the end of 2019. The interest will not be released immediately, it will be contingent on the funds being held for a two (2) year term resulting in a return of at least 7.25%. Members will be permitted to purchase a maximum of 5,000 shares/\$2,000 or a minimum of four (4) shares.

Investing in capital is an investment directly into the institution that can only be redeemed if we were to repurchase it back from you. It is hoped that the shares will be made available by June 2018 and by September of 2018 all these shares will be fully subscribed. The shares are going to be redeemable. If our fortunes turn otherwise, we may have to allow you to hold onto those shares for a lot longer. But at the end of the day, we will guarantee you a certain rate of return.

The impact on the institution should we be fully capitalized, will be an historical achievement, and at the end of the day, it is going to assist you also in terms of the equity position of the institution and fuel it as well. It is an historical opportunity. One, we hope that the members confidence in the institution is as such that they will take advantage of

this \$2.5 million that is being made available and a guaranteed rate of 3.25% that will help us meet our capital requirements.

19.2 Chairperson, Mrs. Sharon Rahming thanked Mr. Calvin Thompson for his presentation.

20.0 Ms. Adrienne Nelly Michelle Gilbert introduced herself stating that this was her first time at this meeting. She stated that she just wanted to applaud all of you here, especially the Grand Bahama office, to which Ms. (Shirley) Knowles heads assisted by Mrs. (Tonia) Percentie and Ms. (Blanka) Brown.

21.0 SUPERVISORY COMMITTEE REPORT

Mr. Elbert Thompson, Chairman of the Supervisory Committee was invited to the podium to present the Supervisory Report. Mr. Elbert Thompson read the report found on page 97 of the booklet.

21.1 Motion to accept the Supervisory Report was moved by Mrs. Leanna Deveaux-Miller, seconded by Mr. Sherlyn Hall and was carried.

22.0 CREDIT COMMITTEE'S REPORT

Mr. E. J. Bowe, Chairman of the Credit Committee was invited to the podium to present the Credit Committee Report. Mr. E. J. Bowe read the report found on page 30 of the booklet.

22.1 Motion to accept the Credit Committee Report was moved by Mrs. Cheryl Bowe-Moss, seconded by Ms. Rosemary Coakley and was carried.

22.2 The floor was opened for questions as follows:

22.2.1 Mr. Sherlyn Hall asked the Credit Committee to verify that the loan to one member in the amount of \$2.19 million is a part of this total of \$2.6 million in there report.

22.2.2 Treasurer, Ms. Theresa Deleveaux responded to the question by reiterating that the loan was made to an affiliate Credit Union and would have been approved by the Board not the Credit Committee.

22.2.3 Mrs. Edna Ginton wanted to know if the Credit Committee does spot checks on loans approved by management.

22.2.3.1 Mr. E. J. Bowe advised that they do spot checks approved loans.

23.0 EDUCATION COMMITTEE REPORT

Ms. Barbara Bowe, Chairperson of the Education Committee was invited to the podium to present the Education Committee Report for the period, January 2017 to December 2017, highlighted below:

The following volunteer members of the Education Committee were introduced. Mr. Terrance King, Vice-Chairperson, Mrs. Edith Rolle, Assistant Secretary, Mrs. Doreth Campbell, Chaplain, Mr. Shavado Gibson, Member. Apologies given for Mrs. Marcia Munnings, Secretary, Education Committee Board Liaisons: Mr. Henry Campbell, Liaison Board Member and Mrs. Italia Seymour, Liaison Board Member. Staff liaison, Mrs. Yvonne Rahming.

Seven (7) meetings were held in 2017 for the months of March, April, May, June, July, September and November.

Informational sessions were held throughout the year, with the number of persons attending the sessions steadily increasing. Two (2) informational sessions were held in 2017: The first, February 9th, entitled, "Equity and Qualifying Shares"; and the second, July 6th, entitled, "TSWCCUL Bye-Laws". Both sessions were well received by all who attended. The Marketing Manager, Mrs. Yvonne Rahming, ably coordinated the planned events and meetings held. Further, Board members and the entire management team of TSWCCUL were attentive to the meetings held and provided additional oversight for the Education Committee.

On September 22nd, 2017, the Chairperson and Vice-Chairperson attended a strategic planning conclave at the Warwick Paradise Hotel on Paradise Island. At the conclave, facilitators and managers shared reports, as well as a vision for the way forward. Presenters shared perspectives and outlined issues that are being addressed within each department. Further, department best practices, bold strategies and timelines were presented. The conclave provided an excellent avenue for the management team, committee members and staff members to fellowship.

In 2018 the Education Committee will seek to stage more informational sessions on topical issues. Sessions will focus on topics members deem relevant to their financial health and physical well-being. More support was requested from the members in attending the sessions that will be advertised as well as proffering suggestions on future sessions.

- 23.1 Motion to accept the Education Report was moved by Ms. Bernadette Smith, seconded by Ms. Doreth Campbell and was carried.
- 23.2 Chairperson, Mrs. Sharon Rahming emphasized members taking advantage of the informational sessions put on by the Education Committee and encouraged members to start their volunteerism as a part of the Education Committee.
- 23.3 Ms. Lorraine Taylor asked how much notice is given on the meetings.
- 23.3.1 Ms. Barbara Bowe advised that many notices are sent out via email blasts.
- 23.3.2 Chairperson, Mrs. Sharon Rahming added that posters are put up inside the headquarters.

24.0 RESOLUTIONS

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

24.1 Resolution No. 1:

WHEREAS the audited accounts for 2017 indicates that there are sufficient funds to provide a cash dividend to shareholders of the Teachers and Salaried Workers Co-Operative Credit Union, 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 Two- and One-Half Percent (2.5%) Interest on Regular Share (Loan Security) Deposits; Three Quarter Percent (0.75%) Interest on Dividend Reinvestments; Three Quarter Percent (0.75%) Interest on Retirement Accounts; One Half Percent (0.5%) Interest on Deposit Accounts.

The adoption of Resolution No. 1 was carried unanimously.

24.2 Resolution 2:

BE IT RESOLVED that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2018.

The adoption of Resolution No. 2 was carried unanimously.

24.3 Resolution 3:

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

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

BE IT RESOLVED, and RATIFIED that remunerations to directors and committee members be fixed and ratified as follows:-

Part (i): DIRECTORS

(a) That the remuneration (stipend) for Directors be fixed and ratified at Five Hundred, and Thirty dollars (\$530.00) per month each, in arrears, until the next annual general meeting in 2019.

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 2019.

The adoption of Resolution No. 3 was carried unanimously.

25.0 NOMINATION COMMITTEE REPORT

Ms. Keva Cartwright Chairperson of the Nomination was invited to the podium to present the Nomination Committee Report as follows:

- 25.1 The Nomination Committee is comprised of Ms. Keva Cartwright as Chairman and Ms. Willamae Johnson as those

members who were elected at the last AGM. Board representatives are Mrs. Cheryl Bowe-Moss, Mr. Henry Campbell and Mrs. Geraldine Stevens.

- 25.2 There are two (2) vacancies on the Board of Directors. The term ended for Mrs. Sharon Rahming and Ms. Theresa Deleveaux. One (1) vacancy on Supervisory Committee term ended for Mr. Graham McKinney. One vacancy on the Credit Committee, the term ended for Mr. Ernest J. Bowe.
- 25.3 Advertisements were placed in the local daily newspaper, the Nassau Guardian from 1st April 2018, to 26th April 2018, inviting members to apply for the vacant positions on the Board of Directors, the Supervisory Committee and the Credit Committee. The same notices were sent by e-blasts to members and posted in the Credit Union office.
- 25.4 The criteria for nominations as outlined in The Bahamas Co-Operative Credit Union Regulations, 2015, Part VI, No. 19(a) - (e) outlines the fit and proper criteria for all Board and Committee positions and all nominees must meet these standards. These are standards of integrity and upstanding capability of the person.
- 25.4.1 Number 2: As ratified by the membership at the 2006 AGM, applicants to be nominated for positions on the Board of Directors must have served on the Education Committee and then on the Supervisory Committee before becoming eligible to serve on the Board. Additionally, all applicants must at least have attended the last AGM.
- 25.4.2 Number 3: Applicants for positions on the Supervisory and Credit Committees are required to have Credit Union experience and training and should have attended Credit Union educational workshops. And this was ratified during the 40th AGM on 20th May 2017.
- 25.4.3 Additionally, all applicants must at least have attended the last AGM.
- 25.4.4 The Credit Committee was established by law on 8th June, 2015, and elections for this post is a step between serving on the Education Committee and the Supervisory Committee.
- 25.2 Nomination Guidelines:
- 25.2.1 The Committee met Monday, 7th May 2018, and Wednesday, 16th May, 2018, to review applications that were received. Applicants received for the Board of Directors vacancies were Mrs. Sharon Rahming, Mrs. Theresa Deleveaux, Mr. Davey F. Rolle and Mr. Leroy Sumner. Mr. Sumner subsequently withdrew his application for personal reasons. Mr. Davey Rolle was ineligible to be nominated to serve on the Board of Directors as per the points noted above.
- 25.2.2 One (1) applicant was received for the Supervisory Committee, namely, Mr. Sherlyn Hall. However, Mr. Hall was ineligible to be nominated at this time to serve on the Supervisory Committee as per the point requirements above.
- 25.2.3 No applicants were received for the Credit Committee.
- 25.6 Elections Guidelines:
- 25.6.1 According to the Credit Union Bye-Laws, sections 13, 45(1)(e) "Where the number of nominees does not exceed the number of persons to be elected, the Chairman shall declare all the nominees elected." Therefore, since there are only two eligible nominees for the two positions on the Board of Directors, they are declared elected, Mrs. Sharon Rahming and Ms. Theresa Deleveaux.
- 25.6.2 Nominees must be taken from the floor for the Supervisory Committee as per the Credit Union Bye-Laws section 13, 45(1) and then ask for any nominations from the floor, providing persons being nominated satisfy the fit and proper requirements, and as set out in the regulations, and meet the stipulations in the points noted above; namely, having participated in courses put on by the Education Committee and as well as attended the last
- 25.7 The low number of submissions to fill vacant Board and Committee positions is of concern, and members are encouraged to present themselves to serve in the Credit Union as positions become available. This is the only way that we will ensure the strong and vibrant growth of this Credit Union of The Bahamas.
- 25.8 Chairperson, Mrs. Sharon Rahming turned the remainder of the meeting over to Mrs. Cheryl Bowe-Moss because she was just returned to the Board.

26.0 ELECTIONS:

- 26.1 Nominations from the Floor for the Supervisory Committee: Secretary, Mrs. Cheryl Bowe-Moss advised that persons nominated from the floor must have a mover and seconder of their nomination to be accepted.
- 26.2 Mrs. Edna Glinton questioned how the Nomination Committee will determine if persons applying will meet the criteria outlined by Ms. Keva Cartwright.
- 26.2.1 Secretary, Mrs. Cheryl Bowe-Moss advised that it can be determined that the applicants are not delinquent which was established by their admittance to the meeting. Their name must be listed on page 28 as attending the last AGM and we know who went to the educational sessions (training).
- 26.2.2 Mrs. Edna Glinton voiced that if that is the process, what is the purpose of that (Nomination) Committee because persons can deliberately circumvent the process. Mrs. Edna Glinton noted what was said earlier on the date and the length of time for the positions that were advertised and the various media that was used for that purpose. She stated that if anyone who was genuinely interested in serving would have known, should have known. So, to walk in here today and to say, "Oh, yeah, I want serve. I just remember that", she had a problem with that, because it questions the genuine interest in the union if you didn't see fit to check out while all those things were being advertised and everybody had access to that information. If you did not want it then, why do you want it now?
- 26.2.3 Mr. Donald Symonette suggested just to be in conformity with the Nomination Committee that a Special Called Meeting be held to deal with those vacancies.
- 26.2.4 Secretary, Mrs. Cheryl Bowe-Moss advised that the Board decided to see what the membership preferred. However, the Bye-Laws 66 states: "Any vacancy on the committee may be filled by the Board, but such member shall hold office only until the next annual general meeting, at which time a member shall be elected to fill the vacancy for the unexpired term." Therefore, there are two options: (1) invoke Bye-Law 66; or (2) hold a special AGM.
- 26.2.5 Mr. Donald Symonette begged to differ and stated that the Nomination Committee represents the views of the AGM and because persons are nominated, we do not want to move away from what the Nomination Committee is supposed to do. He then recommended letting the members speak again.
- 26.2.6 Father Berkley Smith suggested holding elections electronically; that will save time, energy and money.
- 26.2.7 Secretary, Mrs. Cheryl Bowe-Moss advised for transparency that the Act and Bye-Laws do not allow for electronic voting or absentee ballots.
- 26.2.8 Ms. Nicole Williams stated the number of people in attendance exceed the quota for the meeting therefore, we have sufficient people to carry out whether it is nominated, or even if it is carried by the Board.
- 26.2.9 Discussion ensued.
- 26.3 Mr. E. J. Bowe made a motion for the nominations to fill the positions for the Credit Committee and the Supervisory Committee at this AGM. The motion was seconded by Ms. Teresita O'Brien.
- 26.3.1 Mrs. Edna Glinton stated that before that motion goes through she wanted to advise this is not a game; and that Supervisory is the most important Committee next to the Credit Committee. She urged members to be serious and keep in mind that this is a financial organization and we are dealing with people's money. Therefore, do not just jump into (a post) without going through the process; a person should not be allowed to just be rush through.
- 26.4 Mrs. Edna Glinton made a motion to amend the motion on the floor for there to be a Special Called Meeting held in one (1) month to hold elections for the vacancies of the Supervisory and Credit and other Committees. The motion was seconded by Ms. Teresita O'Brien.
- 26.4.1 On a point of order, Ms. Eleanor Bain said that (Nomination) Committee does the scrutiny and if a person is not selected by the Committee then persons are elected from the body who will vote them in.
- 26.4.2 Secretary, Mrs. Cheryl Bowe-Moss advised that the body has-to put people up for the process to move forward. However, we are at the point now where when the process would come in effect is in question. The body has to now agree to either a Special Called Meeting within one month, as has been proposed, or the membership will revoke that motion and go back to the first motion.
- 26.5 Mr. Elbert Thompson stated that several people at the meeting were saying they did not hear of any advertisement.

They did not receive any emails. He stated that he can personally say he did not get an e-mail. In fact, he did not get an e-mail about the Annual General Meeting.

26.5.1 Chairperson, Mrs. Sharon Rahming stated the meeting was advertised in the newspaper and they have a clipping of the ad.

26.6 Mr. Elbert Thompson stated that Bye-Laws allow for elections in the event that there is a nomination thus there should be election from the floor. Discussion ensued.

26.6.1 Mr. Elbert Thompson made motion that the first motion to hold the election come back on the floor. The motion was seconded by Mr. Gary Ingraham.

26.7 Ms. Willamae Johnson made a further motion that the Board should not appoint the Supervisory Committee, because the Supervisory Committee oversees the work of the Board.

26.8 Secretary, Mrs. Cheryl Bowe-Moss clarified the motion put to the floor as follows:

26.8.1 Further to the motion that we have elections for Supervisory, Credit Committee and the Nomination Committee. The motion on the floor is that we have nominations and elections today for the Supervisory, Credit Committee and Nomination Committee. It has been moved and seconded.

26.8.2 The motion was carried by unanimous vote with the following persons against: Ms. Rosemary Coakley, Ms. Jill Saunders. The following members abstained: Ms. Annette Chambers and Mr. Donald Symonette.

27.0 THE SUPERVISORY COMMITTEE NOMINATION FROM THE FLOOR

The following persons were nominated from the floor for the Supervisory Committee and each were given an opportunity to introduce themselves.

27.1 Ms. Antona Curry nominated Mr. Graham McKinney for Supervisory Committee; the nomination was seconded by Ms. Doreth Campbell.

27.2 Ms. Yvette Cooper nominated Mr. Gary Ingraham for Supervisory Committee; the nomination was seconded by (Inaudible).

27.3 Mr. Sherman Stevens nominated Mrs. Bernadette Davis-Smith for Supervisory Committee; the nomination was seconded by Ms. Pamela Hall.

27.4 Ms. Antona Curry moved for the nominations to be closed. Motion was seconded by Mr. E. J. Bowe and was carried.

27.5 It was noted that there were 127/128 members in attendance.

27.6 Voting for Supervisory Committee:

Supervisory Committee	No. Votes
Mr. Gary Ingraham	27
Mr. Graham Mckinney	53
Mrs Bernadette Davis- Smith	45

27.7 Motion was made and carried to destroy the ballots. Secretary, Mrs. Cheryl Bowe Moss congratulated Mr. Graham McKinney on his victory.

28.0 THE CREDIT COMMITTEE NOMINATION FROM THE FLOOR

The following persons were nominated from the floor for the Credit Committee and each were given an opportunity to introduce themselves.

28.1 Mr. Gary Ingraham nominated Mr. E. J. Bowe for Credit Committee; the nomination was seconded by Mr. Hartley Wilkinson

28.2 Mr. Graham McKinney nominated Ms. Antona Curry for the Credit Committee; the nomination was seconded by Mr. Patrick Smith.

28.3 Motion to close the nominations for the Credit Committee was moved by Mr. Elbert Thompson, seconded by Mr.

Gary Ingraham and was carried.

28.4 Voting for the Credit Committee:

Credit Committee	No. Votes
Ms. Antona Curry	48
Mr. Ernest J. Bowe	77

28.5 Secretary, Mrs. Cheryl Bowe-Moss congratulated Mr. E. J. Bowe on his win.

29.0 NOMINATIONS COMMITTEE NOMINATION FROM THE FLOOR

The following persons were nominated from the floor for the Nominations Committee and each given an opportunity to introduce themselves.

29.1 Ms. Pamela Hall nominated Ms. Eleanor Bain; the nomination was seconded by Ms. Leonie Smith.

29.2 Ms. Antona Curry nominated Ms. Keva Cartwright; the nomination was seconded by (inaudible speaker).

29.3 Ms. Antona Curry nominated Ms. Willamae Johnson; the nomination was seconded by Ms. Renée Mayers.

29.4 Mr. Patrick Smith moved to close the nominations, motion seconded by Mrs. Anastacia McPhee-Hong and was carried.

29.5 Secretary, Mrs. Cheryl Bowe-Moss advised that there were only two (2) vacant seats on the committee therefore, only two (2) names can be on the ballots.

29.6 Voting for Nomination Committee Members:

Nomination Committee	No. Votes
Ms. Eleanor Bain	47
Ms. Willamae Johnson	70
Ms Keva Cartwright	83

29.7 Motion to destroy the ballots was moved by Ms. Annette Thompson, seconded by Ms. Vernetta Davis and was carried.

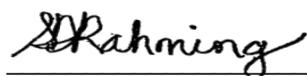
29.8 Secretary, Mrs. Cheryl Bowe-Moss congratulated Ms. Willamae Johnson and Ms. Keva Cartwright on their win.

30.0 VOTE OF THANKS

Assistant Treasurer, Mr. Henry Campbell thanked Fr. Berkley Smith, who did the invocation; Mr. Walter Evans, who brought greetings from the League, the Credit Union staff, who did a wonderful job in accommodating us and the caterers for the good food. He thanked the Board of Directors, the photographer and our hardworking GM, who for the first time spoke to the membership.

31.0 ADJOURNMENT

There being no further matters to discuss, the meeting concluded at 2:58 p.m.



Sharon Rahming



Cheryl Bowe-Moss

MEMBERS IN ATTENDANCE AT THE 41ST ANNUAL GENERAL MEETING (2018)Members

Bain, Candice A.
 Bain, Cardinal R.
 Bain, Nathalie L.
 Bain, Sharon D.
 Bain, Wilson A.
 Bain-Wilkinson, Eleanor
 Barnett, Merrell E.
 Bastian, Cynthia L.
 Bodie, Philip A.
 Bowe, Barbara L.
 Brown-Gilbert, Gloria E.
 Burrows, Annabelle C.
 Burrows, Barbara M.
 Burrows, Delores
 Butler, Rosemary
 Butler, Wesley C. (Jr.)
 Campbell, Doreth C.
 Campbell, Sebastian S.
 Cartwright, Christophe K.
 Cartwright, Keva V.
 Cash, Lindamae
 Chambers-Thompson, Annette
 Charlton, Ivy F.
 Charlton, Nicole
 Charlton, Soniamae P.
 Chase, Hugh G.
 Chase, Primrose
 Coakley, Rosemary R.
 Collie, Vernal
 Cooper, Valderine V.C.
 Cunningham, Welbourne
 Curry, Antona J.
 Curry, Michael A.
 Curry, Rufus R.
 Davis, Barbara J.
 Davis, Vernita A.
 Davis-Smith, Bernadette
 Dean, Antoinette G.
 Dean, Kenyetta T.
 Dean, Royann N.
 Dean, Vivian G.
 Deleveaux, Andrea L.
 Demeritte, Ramona P.

Deveaux-Miller, LeAnna
 Duncombe, Birdie C.
 Edgecombe, Alkeisha L.
 Edwards, Vincent H.
 Evans, Joanne E.
 Farrington, Rajpatee J.
 Ferguson, Margaret L.
 Ferguson, Sheila
 Ferguson-Williams, Nicola
 Forbes, Annamae
 Forbes, Maudline I.
 Gardiner, Shernell A.
 Gibson, Shavado E.
 Gilbert, Adriann N. M.
 Gilbert, Natasha M.
 Ginton, Edna D.
 Grant-McKenzie, Vienna L.
 Green, Christine
 Hall, Antonio S.
 Hall, Pamela S.
 Hall, Sherlyn W.
 Ingraham, Gary A.
 Ingraham, Sheila M.
 Joffre-Mackey, Shantell
 Johnson, Beulah G.
 Johnson, Gwendolyn D.
 Johnson, Inez
 Johnson, Virginia J.
 Johnson, Willamae M.
 Kelly, Daisy M.
 Kemp, Carmen A.
 Kerr, Maud V.
 King, Dwight B.
 King, Terrence J.
 Lewis, Sharon L.
 Lightbourne, Briann J.
 Lightbourne, Elva D.
 Lightfoot, George I.
 Longley, Bonnie
 Longley, Gladys L.
 Lozaique, Hyacinth L.
 Lundy-Ferguson, Amanda
 Mackey, Joycelyn R.
 Mackey, Leroy

McGarrell, Clothilde
 McIntosh, Lillie B.
 McKenzie, Cynthia P.
 McKenzie, Vienna
 Meronard, Barbara E.
 Missick-Jones, Stephanie
 Moncur-Morley, Arlette
 Morris, Mandelia K.
 Moss, Donna M.
 Munnings, Cherilyn M.
 Murphy, Winifred L.
 Musgrove, Eleanor Z.
 Musgrove, John
 Nesbitt, Michelle L.
 Newbold, Suzanne V. (Dr.)
 Neymour, Lavarado R.
 O'Brien, Teresita L.
 Oliver, Berrynetta A.
 Pennerman, Margo M.
 Poitier, Alfred L.
 Pratt, Eula A.
 Pratt, Lynette C.
 Price, Anthony R.
 Rahming, Katherine I.
 Reckley, Barbara
 Rolle, Doreen A. M.
 Rolle, Edith L.
 Rolle, McDonald
 Rolle, Patrinella J.
 Rolle, Sarahmae G.
 Rolle, Sherla
 Rolle-Russell, Ignacia
 Romer, Barbara L.
 Romer, Terry A.
 Rose, Theresa J.
 Roxborough, Catherine
 Russell, Paulamae
 Saunders, Antoinette M.
 Saunders, Jill R.
 Scavella, Halcie M.
 Skinner, Sabrina A.
 Smith, Berkley J.
 Smith, Beulah J.
 Smith, Chivonne M.

Smith, Jannell C.
 Smith, Leonie
 Smith, Maud D.
 Smith, Maydene B.
 Smith, Michelle G.
 Smith, Sheila E.
 Smith, Yvonne B.
 Somerset, Dennis E.
 Somerset, Donette V.
 Stevens, Sherman A.
 Strachan, Crystal C.
 Strachan, Thaddeus E.
 Strachan-Thompson, Deide
 Sturup, Janet D.
 Sumner, Leroy M.
 Sweeting, Dominique S.
 Symonette, Beverly
 Symonette, Donald R.
 Taylor, Beverly C.
 Taylor, Enith J.
 Taylor, Lorraine P.
 Taylor, Lunda L.
 Thompson, Christine A.
 Thompson, Colyn G.
 Thompson, Eloise R.
 Thurston, Patricia D.
 Treco, Kenreece L.
 Wallace, Jeslyn A.
 White-Maksyhung, Anastacia
 Wilkinson, Hartley E.
 Williams, Genesta R.
 Williams, Johnathan P.
 Williams, Lennox
 Williamson, Harrison E.
 Wilmott, Leulle B.
 Zonicle-Newton, Samra
Staff
 Burrows, Camille
 Butler, Sonovia D.
 Colebrook, Samantha
 Corneille, McAlex
 Ferguson, Elaine M.
 Ferguson, Kendreka V.
 Gibson, Alfreda V.

Gibson, Joanne C.
 Johnson, Christoff D.
 Knowles, Shirley A.
 Lightbourne, Samantha
 Major Cheerese L.
 Marche, Hadassah A.
 McDonald, Philendra J.
 Moore, Lynette T.
 Moss, Sophia S.
 Moxey, Corene E.
 Percentie, Tonia D.
 Poitier, Brando E.
 Pratt, Caudray A.
 Rahming, Yvonne A.
 Saunders-Gardiner, Tamaria
 Stuart, Charlene I.
 Thompson, Calvin W.
 Whymns, Jacqueline
 Zonicle, Deborah M.

Board

Bowe-Moss, Cheryl
 Campbell, Henry S.
 Deleveaux, Theresa D.
 Rahming, Sharon D.
 Seymour, Italia A.E.
 Stevens, Geraldine

Supervisory Committee

Mayers, Renee
 McKinney, Graham W.
 Thompson, Elbert

Credit Committee

Bowe, Ernest J.
 Cooper, Yvette N.
 Smith, Patrick E.

TOTAL MEMBERS | 205Auditors

Gomez, James B.
 Campbell, Noreen R.

Bahamas Co-operativeLeague Representative

Walter, Evans V.



TREASURER'S REPORT

It is an honor to present the Treasurer's report for the year ending December 31, 2018. Despite the depressed economy and the reduction in our loan portfolio, your credit union was still able to see significant growth.

Financial Condition

As at 31st December, 2018, Teachers and Salaried Workers Co-operative Credit Union assets totaled \$214,675,200 an increase of \$8,418,395 or 4.1% compared with 31st December 2017 balance of \$206,256,805. Liabilities totaled \$194,683,302 showing an increase of \$7,492,581 or 4.0% compared with December 2017 balance of \$187,190,721. Equity totaled \$19,991,898 showing an increase of \$925,814 or 4.9% compared with December 2017.

OPERATION

Income & Expenses:

For the year under review, the Credit Union's operational profit and loss statement showed total income of \$14,515,098 and total expenses \$13,747,483 resulting with a net profit of \$767,615. Total comprehensive income totaled \$930,964. During 2018 the Board and Management must continue to aggressively follow-up on delinquent loans and ensure that rent receivables are collected in a timely manner. It is critical to keep loan loss provisioning and outstanding rent at a minimum which is essential to the credit union realizing a net profit at year end.

The break-down by branches are:-

Nassau - Income for the year ending 31st December 2018 totaled \$10,221,261. Expenses totaled \$10,169,219. The net loss on investment properties was \$99,228, resulting in a comprehensive net profit of \$52,042.

Grand Bahama - Income for the year ending 31st December 2018 totaled \$2,784,914. Expenses totaled \$1,788,304. The net loss on investment properties was \$55,655 resulting in a comprehensive net profit of \$996,610.

Abaco - Income for the year ended 31st December 2018 totaled \$1,508,923. Expenses totaled \$1,789,960. The net loss on investment properties was \$559,937, resulting in a comprehensive net loss of \$281,037.

HIGHLIGHTED EXPENSES

Item	December 2018	December 2017	% Increase/ Decrease	Variance
Board & Committee Development & Travel	\$41,095	\$6,920	-493.86%	(\$34,175)
Staff travel, training & Development	\$82,522	\$36,414	-126.62%	(\$46,108)
Salaries	\$2,038,745	\$2,026,180	-0.62%	(\$12,565)
Staff Benefits	\$559,356	\$601,400	6.99%	\$42,044
Members Education	\$3,401	\$3,174	-7.15%	(\$227)
Board & Committees Out-of-pocket expense	\$62,520	\$62,520	0.00%	\$0
Board & Committee Meetings	\$5,268	\$5,066	-3.99%	(\$202)
Loans Provision	\$1,990,315	\$1,979,799	-0.53%	(\$10,516)
Bad Debt Investment Property	\$24,620	\$29,265	15.87%	\$4,645
Investment Property	\$1,612,471	\$1,490,429	-8.19%	(\$122,042)
Advertising & Promotions	\$104,607	\$101,814	-2.74%	(\$2,793)
Marketing	\$12,137	\$17,338	30.00%	\$5,201
Donation	\$10,829	\$9,037	-19.83%	(\$1,792)
Vat Expenses	\$149,055	\$118,944	-25.32%	(\$30,111)

INVESTMENT PROPERTIES ANALYSIS

Property	Income As At Dec. 2018	Provision	Expenses	Net Income / (Loss)	Rent Receivable
East Street Office Complex	\$419,940	\$0	(\$469,409)	(\$49,469)	\$372,309
TWD Highway Plaza	\$162,839	(\$12,680)	(\$199,917)	(\$49,758)	\$9,807
Freeport Plaza	\$106,488	(\$21,245)	(\$140,898)	(\$55,655)	\$81,170
Abaco Complex	\$233,005	\$9,305	(\$802,247)	(\$559,937)	\$27,033
Income/loss as at Dec. 31, 2018	\$922,272	(\$24,620)	(\$1,612,471)	(\$714,819)	\$409,319

As at 31st December, 2018 outstanding rent receivable from current tenants totaled \$409,319 of which \$87,551 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 was slightly above the required 10% of assets totaling \$21,761,256 (\$21,467,520) or 10.14% a favorable overage of \$293,736.

LIQUIDITY RESERVE DEPOSIT

Liquidity Reserves held with the League totaling \$19,293,064 (19,107,287) or 10.10% slightly above the required PEARLS ratio standard of 10.00% of total member deposits resulting with a favorable overage of \$185,777 as at December 31, 2018.

DELINQUENCY

For the year ending December 31, 2018, 699 delinquent loans totaled \$15,474,647, of which loan loss provision totaling \$5,116,493 in accordance with PEARLS had to be provided for. Security held against delinquent loans totaled \$8,556,567 resulting in an exposure totaling \$6,918,080 to the credit union. Loans over 12 months remain the largest category with 400 loans totaling \$9,457,940 representing 61.1% of total delinquent loans. Delinquent loans to total loans as at 31st December, 2018 stood at 15.6%, which is above the required PEARLS standard of 5%.

During the year the Collections Department collected \$99,075 on delinquent mortgages. However, as at 31st December 2018 the outstanding balance totaled \$8,282,137.

Even though the Collections Department aggressively pursued delinquent members by telephone calls, weekly pick-ups or through the courts, the credit union provisions for delinquent loans noted in the financials totaled \$1,990,315 and \$85,711 for Investment Properties delinquent members at 31st December 2018.

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

PEARLS RATIO ANALYSIS

As at December 31, 2018, all but one (1) of Credit Union's PEARLS ratios were below the required accounting standard. During 2019, every effort will be made by Board and Management to seek ways to bring deficiencies into compliance namely loans, delinquency and capital. If these deficiencies are not adequately addressed the Credit Union's bottom line will be affected. If we, the owners do not

utilize the credit union's largest money-making element, being loans, but rather seek to do business with other financial institutions, we are only hurting ourselves. Therefore, we must work as a team to grow the loans portfolio from 40.46% to 70-80%. This will not only bring the loans ratio in compliance with the required PEARLS standard but will also increase the Credit Union's bottom line.

Additionally, it should be noted that if Members' Equity is below 10% of assets there cannot be any payment of dividends on Qualifying and Equity Shares. Board and Management wish to bring to your attention that Statutory Reserve under Members Equity is below the required 10% standing at 6.46% of total assets a shortfall of \$7,592,520 that must be corrected sooner than later to be compliant with Law and avoid the possibility of having to pay a penalty to the Regulator.

- Solvency 110.09 ($\geq 111\%$)*
- Net Loans 40.46% (70-80%)*
- Financial Investment 13.08% ($< 2\%$)*
- Non-financial Investments 10.45% (0%)*
- Savings Deposits 89.01% (70-80%)*
- Institutional Capital 0.82% ($\geq 10\%$)*
- Delinquency 6.95% ($\leq 5\%$)*
- Non-earning Assets 12.69% ($\leq 5\%$)*
- Net Income/Avg. Assets 0.36% (10%)*
- Statutory Reserves 6.46% ($> 10\%$)
- Liquidity Reserves 10.01% (10%)
- Capital Ratio 9.34% ($> 10\%$)*

CONCLUSION

Although the credit union made a profit during 2018 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 for the past three years that I served as Treasurer. To my fellow Board and Committee Members, thank you for the confidence, cooperation and support shown over the past years. Last, but not least, my sincere appreciation and thanks to you, the membership, for the opportunity to serve this great institution. Without you there would be no credit union.

As we go forward in 2019, 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. In order to ensure continued growth we must always remember that this organization belongs to us. We must demand quality services, 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



BUDGET FOR YEAR 2018 & 2019

	Budget 2019 Combined	Budget 2018 Combined	Actual 2018 Combined	Est. Budget 2020 Combined
1 FINANCIAL REVENUE:				
2 Interest on General Loans	\$7,225,000	\$8,298,533	\$8,076,025	\$7,407,000
3 Interest on Mortgage Loans	2,712,000	3,251,052	2,741,362	2,780,000
4 Loan Service Fees	753,000	501,375	556,390	772,000
5 Interest on Statutory & Liquidity Reserves	689,000	540,750	678,588	723,000
6 Interest on Govt. & Bridge bonds	868,000	349,730	636,886	845,000
7 Interest on Deposits	251,000	133,513	77,553	330,000
8 Interest on Royal Fidelity Investments	183,000	57,540	177,481	215,000
9 Loan Skip Payment Fees	83,000	185,220	55,240	85,000
10 Late Loan Payment Fees	124,500	78,750	120,586	129,000
11 Dividends	72,000	130	72,223	102,000
12 Entrance Fees	183,900	17,199	119,895	188,000
13 Share Account Withdrawal Fees	76,200	55,524	74,159	78,000
14 ATM and Credit Card Fees	48,000	26,712	42,233	49,000
15 Service Fees	35,200	43,631	30,762	35,000
16 Rebate on LP/LS Insurance	82,000	-	79,205	82,000
17 Account Closing and Other Income	11,500	7,824	54,238	12,000
18 Total Operating Income	\$13,397,300	\$13,547,483	\$13,592,826	\$13,832,000
19 OPERATING EXPENSES:				
20 Interest on Regular Deposits	857,000	1,576,607	1,509,600	878,000
21 Interest on Fixed Deposits	2,271,000	2,968,700	2,376,225	2,045,000
22 Bad Debt Expense	2,050,000	1,328,175	1,990,315	2,101,000
23 Salaries and Overtime	2,169,300	2,268,000	2,038,744	2,223,000
24 N.I.B., Medical and Pension	505,000	514,007	464,058	518,000
25 Staff Benefits, Uniforms and Meetings	78,000	142,540	95,298	80,000
26 Staff Training and Conferences	87,500	40,344	56,307	90,000
27 Staff Travel	27,500	64,827	26,216	28,000
28 Depreciation - Furn. and Equip.	245,000	200,000	152,952	325,000
29 General and Automobile Insurance	123,400	162,940	117,506	142,000
30 Legal, Audit and Professional fees	148,100	87,700	113,804	125,000
31 VAT Expense	175,000	71,552	149,056	184,000
32 Equipment Maintenance	151,700	128,170	153,462	156,000
33 Office Supplies	65,800	65,202	105,057	70,000
34 Armoured car services	36,300	41,123	35,217	38,000
35 Depreciation - Automobiles	-	29,000	1,254	13,000
36 Automobile maintenance and gas	29,000	36,455	22,637	28,000
37 Bank and investment charges	104,700	43,865	92,984	109,000
38 Courier and postage fees	6,500	4,200	5,842	8,000
39 Collector's Fees and Teller's Allowances	25,000	13,440	10,346	26,000
40 LP/LS Insurance	411,000	315,525	391,360	421,000
41 Bond Insurance	33,000	30,209	21,838	35,000
42 Utilities	389,000	303,651	423,744	398,000
43 Depreciation - Buildings	397,100	279,500	278,352	486,200
44 Building Maintenance	216,000	267,477	293,715	221,000
	10,601,900	\$10,983,209	\$10,925,890	\$10,748,200

BALANCE CARRIED FORWARD

BUDGET FOR YEAR 2018 & 2019		Budget 2019 Combined	Budget 2018 Combined	Actual 2018 Combined	Est. Budget 2020 Combined
		\$10,601,900	\$10,983,209	\$10,925,890	\$10,748,200
45	Balance brought forward	-	0	0	0
46	Building Security	181,500	158,540	174,636	186,000
47	Property Tax	32,000	50,500	31,521	33,000
48	Office Rent (Toronto)	16,500	0	0	17,000
49	Board - Travel	5,000	6,500	4,749	6,000
50	Board - International Conferences	30,000	32,000	27,203	30,000
51	Board - Training and Local Conferences	1,000	6,969	799	1,000
52	Board - Out-of-pocket expenses	44,600	44,600	44,520	45,000
53	Board and Committee Meetings	7,500	15,750	5,268	8,000
54	Supervisory Committee - Travel	2,500	3,500	765	3,000
55	Supervisory Committee - Training and Conferences	4,800	5,323	4,088	5,000
56	Supervisory Committee - Out-of-pocket expenses	9,000	9,000	9,000	9,000
57	Credit Committee - Training and Conferences	3,800	4,000	3,491	4,000
58	Credit Committee - Out-of-pocket expenses	9,000	9,000	9,000	9,000
59	Education Committee - Training and Conferences	3,800	0	0	4,000
60	AGM	40,000	65,599	29,274	41,000
61	Anniversary Activities	5,000	14,060	12,494	10,000
62	Stabilization fees	53,100	55,347	52,821	54,000
63	Directors and officers insurance	4,700	5,700	4,650	5,000
64	Membership - Training and education	6,000	2,800	367	6,000
65	Depreciation - Computer software	395,000	100,000	68,066	574,000
66	Maintenance - Computer systems	58,900	10,100	29,480	62,000
67	Software - System maintenance	233,100	21,600	63,008	247,000
68	Software - System security	166,300	33,100	96,313	179,000
69	Software - General applications	207,900	103,850	155,066	221,000
70	Software - Department applications	78,700	15,100	43,812	89,000
71	Computer supplies	62,000	38,735	58,458	65,000
72	Depreciation - Computer hardware	95,000	68,100	69,295	102,000
73	Internet	71,000	17,802	55,750	73,000
74	Advertising and promotion	148,500	76,514	104,607	155,000
75	Marketing and Membership Drive	18,500	22,500	15,172	20,000
76	Donations	10,000	11,025	10,829	11,000
77	Contributions to Junior Co-operatives	7,500	300	0	9,000
78	Total Operating Expenses	\$12,614,100	\$11,991,123	\$12,110,392	\$13,031,200
79	FINANCIAL NET INCOME/(LOSS)	\$783,200	\$1,556,360	\$1,482,433	\$800,800
INVESTMENT PROPERTY					
80	Rental Income and CAM charges	1,014,000	1,109,284	897,652	1,039,000
PROPERTY EXPENSES					
81	Dep. Investment properties	706,000	626,500	674,509	740,000
82	Investment property expenses	970,000	881,660	937,962	994,000
83	Total PROPERTY Expenses	1,676,000	1,508,160	1,612,471	\$1,734,000
84	NET INCOME/(LOSS) PROPERTY	(662,000)	(398,876)	(\$714,818)	(\$695,000)
	NET INCOME/(LOSS)	\$121,200	\$1,157,484	\$767,615	\$105,800
85	<i>(Increase)/Decrease in valuation reserve</i>	-	-	(\$163,349)	
86	TOTAL COMPREHENSIVE INCOME	\$121,200	\$1,157,484	\$930,964	\$105,800

PEARLS RATIOS & KEY FINANCIAL DATA

PEARLS RATIOS

Pearls Ratios are one of the reporting tools credit unions are expected to use as a standard for good management practices to report to the Regulatory Agency.

'PEARLS' is an acronym for six essential areas of performance that should be monitored and measured against international credit union standards.

Protection, measurements of the adequacy of the provisions for loan losses.

Effective financial structure, measurements of the safety, soundness, profitability and aggressive real growth of the credit union.

Asset quality, measurements of the percentage of non-earning assets that negatively impact profitability and solvency in terms of loan delinquency, non-earning assets and the financing of non-earning assets.

Rates of return and costs (annualized), measurements of the average income yield for each of the most productive assets and average cost for each of the most important liability and capital accounts.

Liquidity shows whether the credit union is effectively managing its cash so that it can meet deposit withdrawal requests and liquidity reserve requirements. In addition, idle cash is also measured to ensure that this non-earning asset does not unduly affect profitability.

Signs of growth (Year-To-Date Growth Rates), measurements of the percentage of growth in each of the most important accounts on the financial statements, as well as growth in membership. In inflationary economies, real growth (after subtracting inflation) is a key to the long run viability of the credit union.

Some of the crucial ratios that management and the board are to be aware of are:

1. Solvency- this ratio measures the degree of protection that the Credit Union has for member savings and shares **in the event of liquidation of the credit union's assets and liabilities**. This ratio should be at 111% and is reported at 110.09% up from 109.98%. This ratio continues to im-

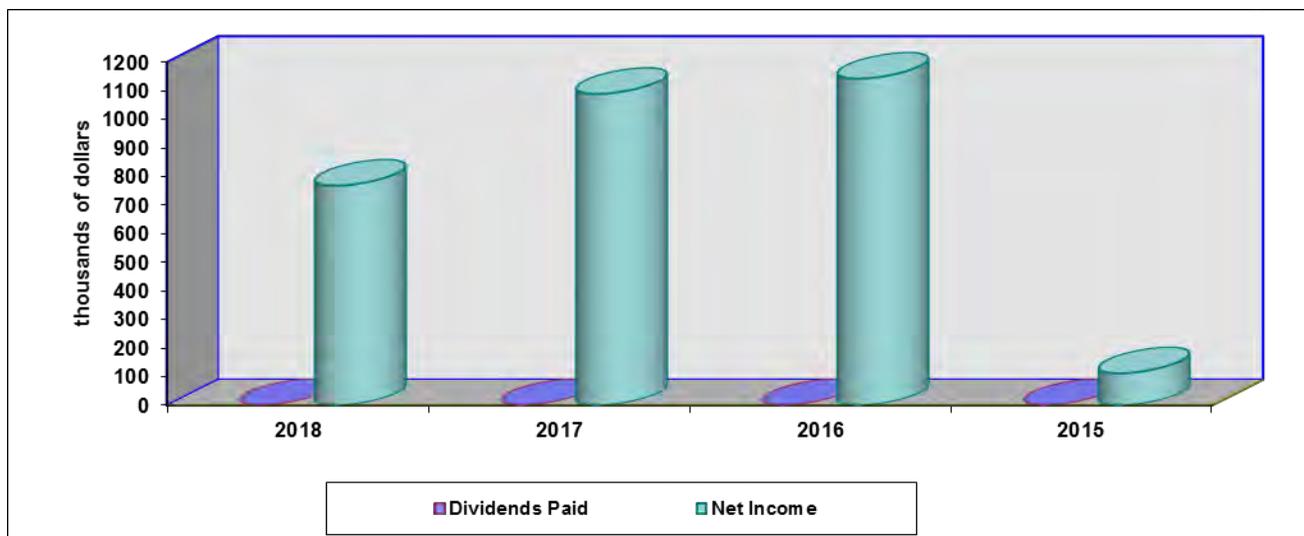
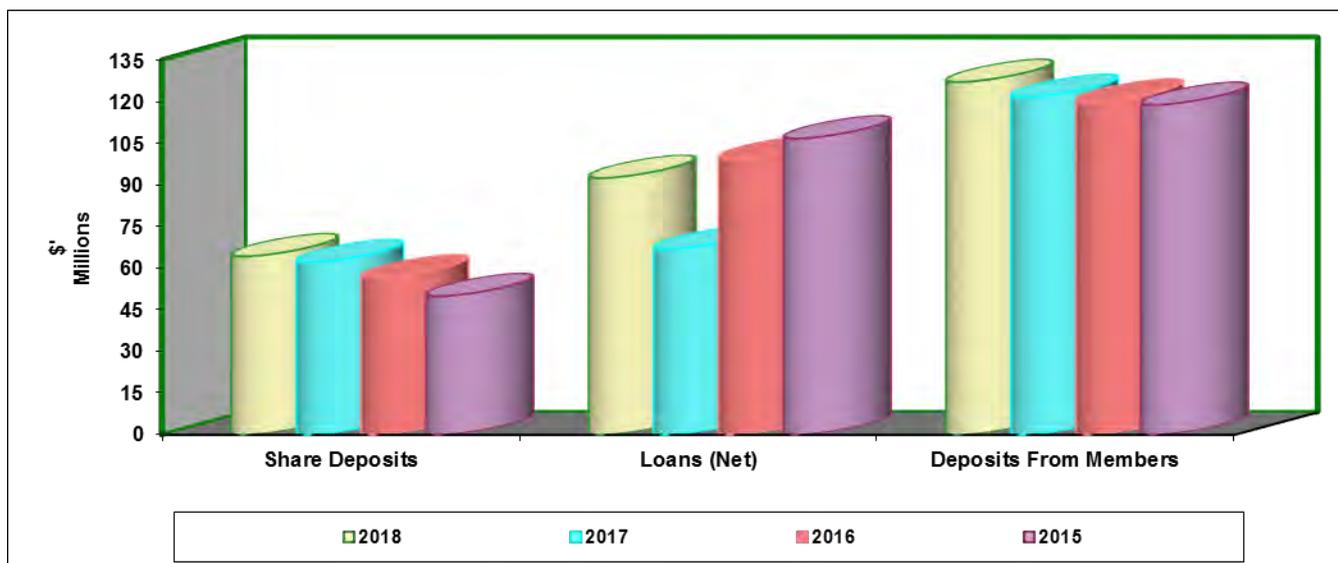
prove with a reduction in cost of funds and an increase in loans which generate revenue.

2. Net Loans/Total Assets- measures the percentage of total assets invested in the loan portfolio. This ratio should be in the range of 70-80% and is reported at 40.46%.
3. Liquid Investments/Total Assets- this ratio measures the percentage of total assets invested in short-term investments and should be less than or equal to 16%. This ratio was reported at 8.34%.
4. Savings Deposits/Total Assets- this ratio measures the percentage of total assets financed by savings deposits. This ratio should be between 70-80% and is reported at 89.01%.
5. Institutional Capital/Total Assets- this ratio measures the percentage of total assets financed by institutional capital and should be greater than 10% and is reported at 0.82% down from 1.64%.
6. Total Delinquency/Total Loan Portfolio- measures the total percentage of delinquency in the loan portfolio. This ratio should be less than or equal to 5% and was reported at 6.95% down from 7.13% reflecting the charge-off of a number of delinquent loans.
7. Operating Expenses/Average Total Assets- measures the cost associated with the management of all Credit Union assets. It indicates the degree of operational efficiency or inefficiency and should be less than or equal to 5% and is reported at 3.67% up from 3.23%.
8. Liquid Assets-Short Term Payables/Total Deposits- measures the adequacy of the liquid cash reserves to satisfy deposit withdrawal requests, after paying all immediate obligations less than 30 days old. This ratio should be in the range of 15-20% but is reported at 9.23%.
9. Non-Earning Assets/Total Assets- measures the percentage of total assets that is invested in non-earning liquid assets and should be less than 5% and is reported at 12.69%.

KEY FINANCIAL DATA

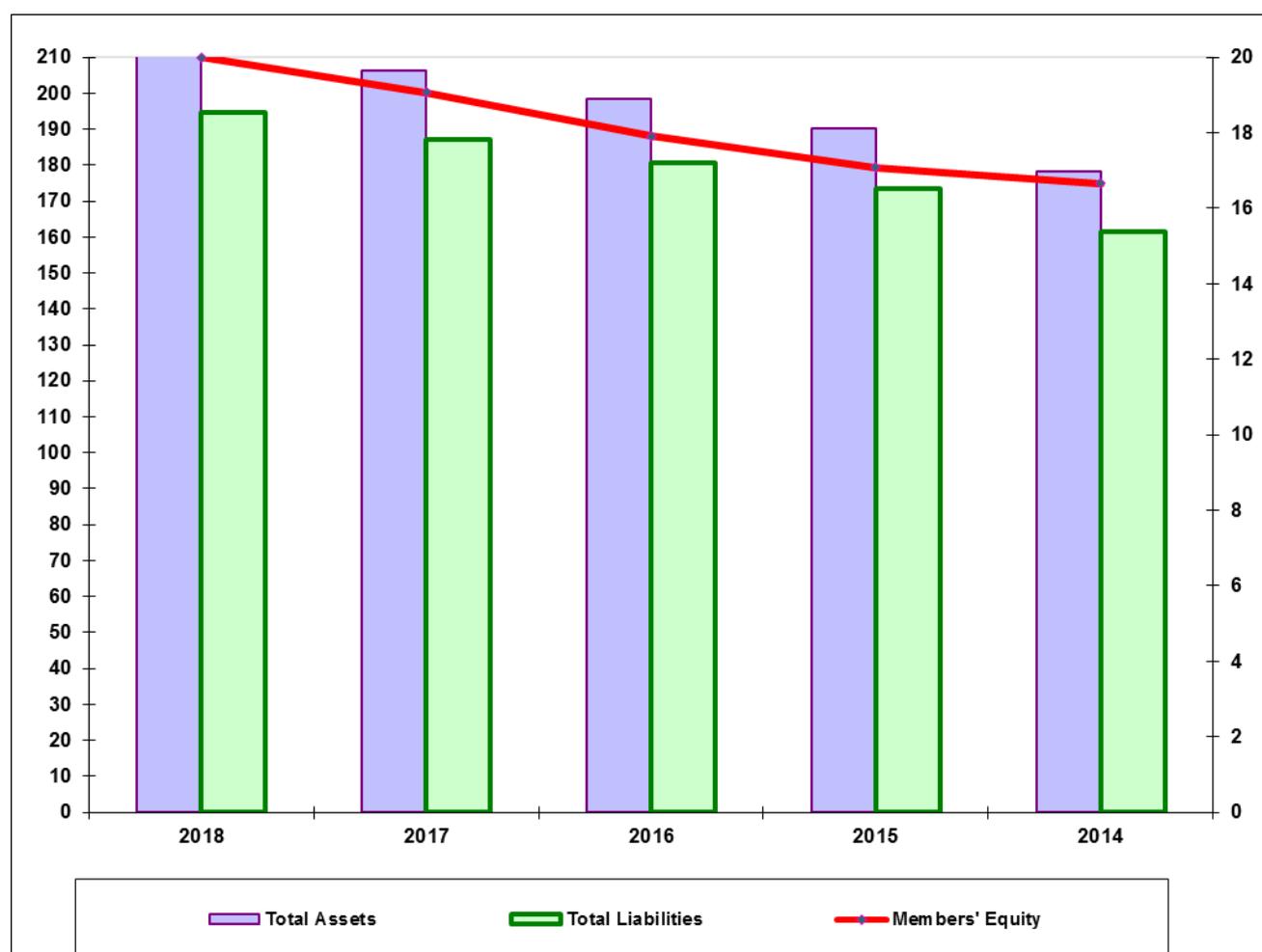
PAST FOUR YEARS

	2018	2017	2016	2015
SHARE DEPOSITS	\$64,179,576	\$62,056,780	\$56,596,031	\$49,858,688
LOANS (NET)	92,361,087	99,789,662	99,404,973	106,548,831
DEPOSITS FROM MEMBERS	126,893,293	121,507,247	119,818,008	118,660,831



FIVE-YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014
Total assets	\$214,675,200	\$206,256,805	\$198,514,386	\$190,346,396	\$178,115,577
Total liabilities	194,683,302	187,190,721	180,597,109	173,268,958	161,452,456
Members' equity	19,991,898	19,066,084	17,917,277	17,077,438	16,663,121
Total revenue	14,515,098	14,051,512	13,744,785	12,864,305	12,799,515
Total expenses	13,747,483	12,963,334	12,603,300	12,752,402	12,421,959
Net income/(loss)	767,615	1,088,178	1,141,485	111,903	377,556
Dividends Paid	-	-	-	-	87,316





CREDIT COMMITTEE 2019 REPORT

In 2018 the Credit Committee continued to be challenged with ensuring that only quality loans were granted by the TSWCCUL, particularly mortgages and large consolidation loans. Whereas the economy of The Bahamas remained stable in comparison to 2017, there was no clear indication that loan delinquency was improving.

The Credit Committee is comprised of five (5) persons, three of whom are elected by the AGM and two (2) appointed by the Board of Directors.

The current Credit Committee Members are:

Elected by AGM

Mr. Yvette Cooper - Chairman

Mr. Patrick Smith – Secretary

Mr. Ernest J, Bowe - Member

Board Appointments

Mrs. Sharon Rahming - Chairperson

Ms. Theresa Deleveaux - Treasurer

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

- ◆ Meet every month;
- ◆ Keep minutes of its meetings;
- ◆ Submit monthly reports to the Board of Directors;
- ◆ Submit an Annual Report to the Annual General Meeting

The Credit Committee has therefore committed to intensify its efforts to identify systems and methods to control and reduce the issuance of loans that carry a high risk of default. In addition, it is also keen to reevaluate the effectiveness of current collection methods with a view to significantly improving the collection rates and amounts. In pursuance thereof, the Committee members took steps to create a more uniform review process for the portfolios of both the mortgage and consumer loans by developing review checklists. This review tool however, is not yet fully implemented but is expected to create a more efficient and productive review process going forward. In addition, the Committee exercised more diligence in its loan review inquiries than in the prior year.

The directive from the Board of Directors along with Management in 2017, remained in force whereby Loan Officers, the Loan Manager, and the General Manager were given pre-set loan approval levels within which they were required to adhere during all loan processing. This resulted in the clear majority of consumer loans being processed to completion and disbursement without being presented in advance for review by the Credit Committee. As a result, the Credit Committee reviewed only a limited number of consumer loans for the year 2018 and these were approved on a post-audit basis in which case only exceptions identified by the Credit Committee were documented for corrective action.

This change allowed Loan Officers and Management to more quickly expedite loan applications but required the Credit Committee to review all Mortgage loan applications for any amount as well as consumer type loans that exceeded \$100,000.

LOANS REVIEWED

MORTGAGE LOANS

In 2018 fifteen (15) mortgage loans for a total value of \$2,625,982 were reviewed compared to 2017 (10 for \$1,666,195). Ten (10) of the 2018 loan applications met the qualifying conditions and were approved. Five (5) applications totaling

\$976,900 were declined or deferred due to the inability of members to repay, high loan exposures and debt service ratios, net pay below the required 25%, and insufficient collateral. Deferred loans mainly required supporting documentation, legal advices, and verification of information unavailable during the review process and would be reconsidered upon presentation of missing evidence. The chart below summarizes the 2018 loan review activity.

<u>TSWCCUL Credit Committee 2018 Loans Review Summary</u>						
<u>Loan Category</u>	<u>No.</u>	<u>Approved</u>	<u>No.</u>	<u>Declined</u>	<u>No.</u>	<u>Total Reviewed by CC</u>
Mortgage Loans	10	1,649,082	5	976,900	15	2,625,982
Consumer Loans	35	566,094	1	50,000	36	616,094
Total		\$ 2,215,176		\$ 1,026,900		\$ 3,242,076

CONSUMER LOANS

During 2018, the Credit Committee was presented with monthly listings of loans already completed by the various operating centres in Nassau, Freeport and Abaco.

The loan portfolios submitted per geographical office were as follows:

New Providence	\$10,003,519
Freeport, Grand Bahama	3,015,770
Abaco	<u>1,880,023</u>
Total Submitted to CC	<u>\$14,949,312</u>

Consumer Loans Reviewed

A total of thirty-six (36) consumer loans totaling \$616,094 were reviewed by the Committee in 2018 (2017: 10 for \$137,198). These loan requests were mainly for medical, home improvement, various personal expenses, debt consolidations, travel, and educational purposes. The lending ceiling on consumer loans is \$100,000 which is protected by Insurance with The Bahamas Co-operative League Limited. One consumer loan for \$50,000 was not endorsed.

CONCLUSION

The Credit Committee wishes to thank you, the shareholders for the opportunity to serve you during 2018. It is our hope and expectation that you will continue to place your confidence in us as we work together to make TSWCCUL a prominent and profitable Financial Institution within The Bahamas. We express our gratitude to management and staff, and, the Loans, Mortgage, and Collection Departments for their cooperation and assistance throughout 2018 and to date.

As we move further into our relationship with our Regulator (The Central Bank of The Bahamas), we pledge to do our utmost to ensure compliance with the regulatory requirements and to continue to discharge our duties with honesty, integrity, and transparency.

May God continue to bless you the members and all stakeholders of TSWCCUL and may God bless the Commonwealth of The Bahamas.

Thank you.



Yvette Cooper (Ms.)
Chairman



Financial Statement of

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

December 31, 2018

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

Financial Statements

December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of:

Teachers and Salaried Workers Co-operative Credit Union Limited

Qualified 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, 2018, 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, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed in Note 3(c)(ii) to the financial statements, IFRS 9, Financial Instruments, which is effective for annual periods beginning on or after January 1, 2018, has not been adopted by the Credit Union. This standard requires reclassification of financial instruments into new categories, and to provide for impairment of certain financial instruments based on expected losses, instead of experienced losses. As stated in Note 3(a), The Central Bank of The Bahamas has permitted credit unions in The Commonwealth of The Bahamas to defer the effective date of IFRS 9 to January 1, 2019.

As of the date of the audit report, management had not assessed the impact of this standard on the Credit Union, and therefore, we are unable to assess the impact of the non-adoption of this standard.

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 qualified opinion.



INDEPENDENT AUDITORS' REPORT *(Continued)*

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.

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.



INDEPENDENT AUDITORS' REPORT *(Continued)*

- 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.

A handwritten signature in cursive script that reads "Baker Tilly".

Baker Tilly
Chartered Accountants
Nassau, The Bahamas

March 29, 2019

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

Statement of Financial Position

December 31, 2018

(Expressed in Bahamian dollars)

	Notes	2018	2017
ASSETS			
Cash and cash equivalents	5	\$ 14,766,156	\$ 11,715,421
Time deposits with banks	6	2,740,733	2,691,951
Deposits with the League	7	41,452,278	39,631,725
Loans receivable, net	8,18	92,361,087	99,789,662
Other assets	9	5,345,530	3,479,623
Investment in the League	10	30,200	29,000
Available-for-sale investments	11	28,050,954	19,211,797
Investment properties	12	22,423,562	22,885,735
Property, plant and equipment	13	7,504,700	6,821,891
TOTAL ASSETS		\$214,675,200	\$206,256,805
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Members' regular deposits	14,18	\$ 64,179,576	\$ 62,056,780
Other deposits	15,18	126,893,293	121,507,247
Other liabilities	16	3,610,433	3,626,694
Total liabilities		194,683,302	187,190,721
MEMBERS' EQUITY			
Members' shares	17(i), 18	4,458,200	4,463,350
Statutory reserve	17(ii)	13,875,000	12,800,000
Surplus loan reserve	17(iii)	511,963	511,963
Valuation reserve	17(iv)	(620,413)	(783,762)
Retained earnings		1,767,148	2,074,533
Total members' equity		19,991,898	19,066,084
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$214,675,200	\$206,256,805

See notes to financial statements.

These financial statements were approved on behalf of the Board and authorized for issue on March 29, 2019, 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, 2018
(Expressed in Bahamian dollars)

	Notes	2018	2017
INTEREST INCOME			
Loans	18,19	\$11,373,777	\$11,281,587
Investments	19	1,570,508	1,236,476
Total interest income		12,944,285	12,518,063
INTEREST EXPENSE			
Members' regular shares and other deposits	18,19	(3,885,825)	(4,018,608)
Total interest expense		(3,885,825)	(4,018,608)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT			
Provision for loan impairment losses	19	9,058,460	8,499,455
	8(b)	(1,990,315)	(1,979,799)
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT			
		7,068,145	6,519,656
NON-INTEREST INCOME/(LOSS)			
Other income	20	648,541	524,297
Loss on rental properties	21	(714,819)	(510,542)
Total non-interest (loss)/income		(66,278)	13,755
NET INTEREST AND OTHER INCOME			
		7,001,867	6,533,411
OPERATING EXPENSES			
Personnel	18,22	2,680,624	2,663,994
General business	22	966,150	824,587
Occupancy	22	1,201,969	864,672
Organizational	18,22	211,524	196,687
Members' security	22	413,198	368,242
Computer costs	22	633,214	398,862
Marketing	22	127,573	128,189
Total operating expenses		6,234,252	5,445,233
PROFIT FOR THE YEAR			
		767,615	1,088,178
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Net unrealized gain/(loss) on available-for-sale investments	17(iv)	163,349	(107,671)
		163,349	(107,671)
TOTAL COMPREHENSIVE INCOME			
		\$ 930,964	\$ 980,507

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, 2018
(Expressed in Bahamian dollars)

	Notes	Members' Shares	Statutory Reserve	Surplus Loan Reserve	Valuation Reserve	Retained Earnings	Total
Balance as at December 31, 2016		\$ 4,295,050	\$ 11,500,000	\$ 511,963	\$ (676,091)	\$ 2,286,355	\$ 17,917,277
Comprehensive income for the year							
Profit for the year		-	-	-	-	1,088,178	1,088,178
Other comprehensive loss	17(iv)	-	-	-	(107,671)	-	(107,671)
Total comprehensive income for the year		-	-	-	(107,671)	1,088,178	980,507
Transactions with members							
Net shares issued during the year	17(i)	168,300	-	-	-	-	168,300
Total transactions with members		168,300	-	-	-	-	168,300
Statutory reserve transfer	17(ii)	-	1,300,000	-	-	(1,300,000)	-
Balance as at December 31, 2017		4,463,350	12,800,000	511,963	(783,762)	2,074,533	19,066,084
Comprehensive income for the year							
Profit for the year		-	-	-	-	767,615	767,615
Other comprehensive income	17(iv)	-	-	-	163,349	-	163,349
Total comprehensive income for the year		-	-	-	163,349	767,615	930,964
Transactions with members							
Net shares issued during the year	17(i)	(5,150)	-	-	-	-	(5,150)
Total transactions with members		(5,150)	-	-	-	-	(5,150)
Statutory reserve transfer	17(ii)	-	1,075,000	-	-	(1,075,000)	-
Balance as at December 31, 2018		\$ 4,458,200	\$ 13,875,000	\$ 511,963	\$ (620,413)	\$ 1,767,148	\$ 19,991,898

See notes to financial statements.

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

Statement of Cash Flows

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
Cash flows from operating activities:		
Profit for the year	\$ 767,615	\$ 1,088,178
<i>Adjustments for:</i>		
Depreciation	1,244,427	1,173,757
Interest income	(12,944,285)	(12,518,063)
Dividend income	(72,223)	(20,229)
Interest expense	3,885,825	4,018,608
Provision for loan impairment losses	2,179,594	2,029,414
Provision for rent receivable losses	24,620	29,266
Loss on disposal of property, plant and equipment	-	4,442
	(4,914,427)	(4,194,627)
Changes in operating assets and liabilities:		
Interest received	12,231,138	11,771,262
Interest paid	(3,900,875)	(3,978,575)
Net decrease/(increase) in loans to members	5,248,981	(2,414,103)
Increase in other assets	(1,890,527)	(2,436,609)
Increase in members' regular deposits	2,122,796	5,460,749
Increase in other deposits	5,386,046	1,689,239
Decrease in other liabilities	(16,261)	(556,376)
Net cash provided by operating activities	14,266,871	5,340,960
Cash flows from investing activities:		
Dividends received	72,457	20,229
Net decrease in time deposits with banks	-	829,760
Increase in deposits with the League	(1,142,000)	(698,000)
Purchase of investment in the League	(1,200)	(1,200)
Net acquisition of financial investments	(8,675,180)	(10,337,700)
Purchase of property, plant and equipment	(1,252,727)	(139,244)
Purchase of investment properties	(212,336)	(31,271)
Net cash used in investing activities	(11,210,986)	(10,357,426)
Cash flows from financing activity:		
Net increase in members' shares	(5,150)	400,800
Net cash provided by financing activity	(5,150)	400,800
Net increase/(decrease) in cash and cash equivalents	3,050,735	(4,615,666)
Cash and cash equivalents, beginning of year	11,715,421	16,331,087
CASH AND CASH EQUIVALENTS, END OF YEAR	\$14,766,156	\$11,715,421

See notes to financial statements.

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

Notes to Financial Statements

December 31, 2018

(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** – Except for the adoption of IFRS 9, the Credit Union's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The Regulator, The Central Bank of The Bahamas, has permitted credit unions in The Commonwealth of The Bahamas to defer the effective date of IFRS 9 to January 1, 2019.

- b) **Basis of preparation** – These financial statements have been prepared under the historical cost convention except for available-for-sale investments which have been measured at fair value.

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

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

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

i) *Amended standards effective January 1, 2018*

The Credit Union adopted the following amended standards during the year:

- *IFRS 15, Revenue from contracts with customers*, is effective for annual periods beginning on or after January 1, 2018. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

There was no quantitative impact on the financial statements from the adoption of IFRS 15.

ii) *New and amended standards issued but not yet effective or adopted:*

- *IFRS 9, Financial Instruments*, is effective for annual periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. It eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities.

The Credit Union has not adopted this standard, nor has it done an analysis of the impact of the standard on its financial statements for the year ended December 31, 2018, as allowed by its Regulator and will adopt it effective January 1, 2019.

- *IFRS 16, Leases*, is effective for annual periods beginning on or after January 1, 2019. Issued in January 2016 as a replacement for IAS 17, 'Leases', an entity can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements. Management is considering the implications of the standard, the impact on the Credit Union and the timing of its adoption.

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

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

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, 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.

h) **Deposits with the League** – Deposits with the League represent the proceeds of the statutory reserves fund and the liquidity reserve fund, which are deposited with and administered by the League, as required by the Act. Other deposits are also held at the League. These deposits are carried at amortized cost using the effective interest method in the statement of financial position.

i) **Other assets** – Other assets, which include refundable deposits, prepaid expenses, interest receivable and other receivables, are carried at cost in the statement of financial position, net of provision for impairment, due to their short-term nature.

j) **Non-performing financial assets** – All loans and advances 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.

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

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

- 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.

Financial assets

The Credit Union classifies its financial assets into the following categories: available-for-sale financial assets and loans and receivables. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date, which is the date on which the Credit Union commits to originate, purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Credit Union has transferred substantially all risks and rewards of ownership.

- i) **Available-for-sale investments** – Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with changes therein, being recognized in other comprehensive income, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized in statement of comprehensive income.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income as part of “other income” when the Credit Union’s right to receive payment is established.

- ii) **Loans and receivables** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value, which is the cash consideration given to originate the financial asset, including transaction costs, and subsequently re-measured at amortized cost using the effective interest method, less any impairment losses.

At the reporting date, loans, cash at banks and other financial institutions, deposits with the League, refundable deposits and other receivables are classified as loans and receivables.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. At the reporting date, members’ regular deposits, other deposits and other liabilities were classified as financial liabilities.

- 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.

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

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

- 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) **Impairment of financial assets**

- i) **Assets carried at amortized cost** – The Credit Union assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”), and that loss event (or events) had a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit range), the reversal of the previously recognized impairment loss is recognized in profit or loss in the statement of comprehensive income.

- ii) **Assets classified as available-for-sale** – For debt securities, the Credit Union uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is also evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss), is removed from equity and recognized in profit or loss. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

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

- p) **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.

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.

- q) **Leases** – The Credit Union as a lessor:

Rental income from leased properties is recognized in the statement of comprehensive income on a straight-line basis over the period of the lease.

- r) **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.

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

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

r) **Property, plant and equipment** *(Continued)*

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

Buildings	-	40 years
Building improvements	-	5 years
Furniture and fixtures	-	5 years
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.

- s) **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 fixed by the Board of Directors, and voted on by the members at the annual general meetings.
- t) **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.
- u) **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 (2017: 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
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- v) **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.
- w) **Valuation reserve** – Valuation reserve represents the accumulated unrealized gains and losses arising on changes in the fair value of available-for-sale investments.
- x) **Retained earnings** – Retained earnings represent the undistributed surplus after statutory appropriations and dividends.
- y) **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).
- z) **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.

- aa) **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.
- bb) **Operating expenses** – Operating expenses are recognized on the accrual basis in the statement of comprehensive income.
- cc) **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.
- dd) **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.

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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:

Impairment losses on loans and advances to members

The Credit Union reviews its loan portfolios to assess impairment on a monthly basis, and more frequently when the need arises. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Credit Union assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence for an individual financial asset includes: significant financial difficulty of the borrower; a breach of contract, such as delinquency in interest or principal payments; and actual or probable bankruptcy or other financial reorganization of the borrower. Loans for which no specific impairment has been identified are grouped with similar loans in a portfolio and the Credit Union makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from that portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or economic conditions that correlate with defaults on financial assets.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (e.g. asset type, collateral, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group, historical loss experience for financial assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio. Estimates of changes in future cash flows for groups of financial assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Interest Rate (%)	2018	2017
Teller cash floats, ATM cash and vault holdings	0.00	\$ 1,265,531	\$ 896,148
FirstCaribbean International Bank (Bahamas) Limited	0.05	10,937,441	8,748,454
Fidelity Bank Bahamas Limited - Savings account	1.25	1,112,064	1,001,404
Fidelity Bank Bahamas Limited - Settlement accounts	0.00	90,183	149,936
Royal Fidelity - Cash account	0.00	541,815	136,427
Bank of The Bahamas Limited - Current account	0.00	59,226	33,052
Cash on hand and at banks		14,006,260	10,965,421
Fidelity Bank Bahamas Limited - Fixed deposits	1.25 - 1.5	759,896	750,000
		\$14,766,156	\$11,715,421

The Credit Union has the following credit facilities with its Banker, FirstCaribbean International Bank (Bahamas) Limited:

- 1) For the year ended December 31, 2017, an overdraft facility with an upper limit of \$240,000, which carried interest at Nassau Prime plus 2.5% per annum (effective rate – 6.75%). The Credit Union cancelled this facility during the year ended December 31, 2018;
- 2) For the year ended December 31, 2017, Corporate credit cards with limits totaling \$20,000. The Credit Union cancelled this facility during the year ended December 31, 2018; and
- 3) Customs bond in the amount of \$5,000.

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 6 months to 1 year, are as follows:

	Interest Rate (%)	2018	2017
Fidelity Bank Bahamas Limited	1.75 - 2.25	\$ 2,295,057	\$ 2,250,000
FirstCaribbean International Bank (Bahamas) Limited - Nassau (i)	0.65 - 0.85	437,620	433,912
FirstCaribbean International Bank (Bahamas) Limited - Freeport	0.21	8,056	8,039
Time deposits with banks in the statement of financial position		2,740,733	2,691,951
Pledged as security (i)		(5,000)	(265,000)
		\$ 2,735,733	\$ 2,426,951

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

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7. DEPOSITS WITH THE LEAGUE

Deposits with the League are comprised of the following:

	Interest Rate	2018	2017
Statutory reserve deposits (i)	1.44%		
<i>Balance, beginning of year</i>		\$20,751,887	\$20,065,658
Additional deposits during the year		660,000	328,000
Interest earned during the year		349,369	358,229
<i>Balance, end of year</i>		21,761,256	20,751,887
Liquidity reserve deposits (ii)	1.44%		
<i>Balance, beginning of year</i>		18,486,571	17,797,548
Additional deposits during the year		482,000	370,000
Interest earned during the year		324,493	319,023
<i>Balance, end of year</i>		19,293,064	18,486,571
Other deposits (iii)	1%		
<i>Balance, beginning of year</i>		393,267	388,502
Interest earned during the year		4,691	4,765
<i>Balance, end of year</i>		397,958	393,267
		\$41,452,278	\$39,631,725

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

	2018	2017
Statutory deposits with the League	\$21,761,256	\$20,751,887
Requirement (10% of total assets)	(21,467,520)	(20,625,681)
<i>Surplus in statutory reserve deposits</i>	\$ 293,736	\$ 126,207

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:

	2018	2017
Liquidity reserve deposits with the League	\$19,293,064	\$18,486,571
Requirement (10% of members' deposits)	(19,107,287)	(18,356,403)
<i>Surplus in liquidity reserve deposits</i>	\$ 185,777	\$ 130,168

iii) Other deposit held with the League matures on April 14, 2019 (2017: April 14, 2018).

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8. LOANS RECEIVABLE, NET

a) Loans receivable, net are as follows:

	Interest Rate	2018	2017
Consumer	8.25% - 16.00%	\$ 57,356,410	\$ 63,268,721
Real estate mortgages	6.25% - 11.75%	38,046,612	38,673,051
Chattel mortgages	3.50% - 11.75%	2,177,903	2,134,318
Business	11.75%	1,916,084	2,244,899
		99,497,009	106,320,989
Accrued interest		377,635	434,316
		99,874,644	106,755,305
Less: Deferred loan service fees		(2,397,064)	(2,236,510)
Less: Provision for loan impairment losses		(5,116,493)	(4,729,133)
		\$ 92,361,087	\$ 99,789,662

At December 31, 2018, non-performing loans on which interest accrual is suspended totaled \$9,457,940 (2017: \$8,714,521).

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

b) The movement in the provision for loan impairment losses is as follows:

	2018	2017
Allowance, beginning of year	\$4,729,133	\$7,758,984
Provision for the year	2,179,594	2,029,414
Loans written off	(1,792,234)	(5,059,265)
Allowance, end of year (Note 8(a))	\$5,116,493	\$4,729,133
Provision for the year	2,179,594	2,029,415
Recoveries of bad debts	(189,279)	(49,616)
Impairment losses reported in profit or loss	\$1,990,315	\$1,979,799

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8. LOANS RECEIVABLE, NET

c) Delinquent loans:

The following is a summary of delinquent loans:

As at December 31, 2018						
Period in arrears	Number of accounts in arrears	Total delinquent loans	Value of security	Exposure	Loan loss provision	Provision rate %
Within 1 month	0	\$ -	\$ -	\$ -	\$ -	n/a
2 to 3 months	141	2,653,478	1,369,280	1,284,198	449,469	35%
4 to 6 months	56	2,258,376	1,514,121	744,255	260,489	35%
7 to 12 months	102	1,104,853	361,634	743,219	260,127	35%
Over 1 year	400	9,457,940	5,311,532	4,146,408	4,146,408	100%
	699	\$15,474,647	\$8,556,567	\$6,918,080	\$5,116,493	

As at December 31, 2017						
Period in arrears	Number of accounts in arrears	Total delinquent loans	Value of security	Exposure	Loan loss provision	Provision rate %
Within 1 month	147	\$ 2,283,210	\$ 976,840	\$ 1,306,370	\$ -	n/a
2 to 3 months	74	1,541,909	979,213	562,696	196,944	35%
4 to 6 months	40	553,538	233,257	320,281	112,098	35%
7 to 12 months	141	2,238,947	697,101	1,541,846	539,646	35%
Over 1 year	411	8,714,521	4,834,076	3,880,445	3,880,445	100%
	813	\$15,332,125	\$7,720,487	\$7,611,638	\$4,729,133	

d) Concentration of loans:

At December 31, 2018, there was one (1) member loan (2017: one (1)) totaling \$1,862,351 (2017: \$2,199,141), which exceeded 5% of total equity.

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9. OTHER ASSETS

Other assets represent the following:

	2018	2017
Other deposits (i)	\$3,339,108	\$2,347,823
Rent receivable, net of provision of \$87,551 (2017: \$77,006)	402,768	428,540
Prepaid expenses	694,356	274,155
Investments and deposits interest receivable	410,749	254,225
Security deposits	70,882	70,732
Accounts receivable - other	427,667	104,148
	\$5,345,530	\$3,479,623

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

- The Data Center Project, the Disaster Recovery Project between Nassau and Canada, and ATM machines for the debit and credit card projects, these projects are ongoing at December 31, 2018; and
- East West Highway renovations done during the year ended December 31, 2017.

Once these projects are completed, the costs will be transferred to the relevant assets classification, such as investment properties and property, plant and equipment.

10. INVESTMENT IN THE LEAGUE

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

	2018	2017
<i>Balance, beginning of year</i>	\$ 29,000	\$ 27,800
<i>Acquired during the year</i>	1,200	1,200
<i>Balance, end of year</i>	\$ 30,200	\$ 29,000

At December 31, 2018, the number of shares in the League held by the Credit Union totaled 604 (2017: 580).

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11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are comprised of the following:

	Interest Rate	2018	2017
<u>Debt securities</u>	%		
<i>Bahamas Government Registered Stocks:</i>			
Matured in 2018	2.600 - 4.025	\$ -	\$ 4,500,000
Maturing in 2020 *	4.075 - 4.75	1,397,200	1,397,200
Maturing in 2021	4.100	1,000,000	1,000,000
Maturing in 2022 *	4.125 - 4.500	3,446,800	2,881,800
Maturing in 2023 *	4.625	430,800	430,800
Maturing in 2024	4.120 - 4.625	2,208,800	2,208,800
Maturing in 2027 *	4.250 - 4.820	1,500,000	1,500,000
Maturing in 2028	4.660	5,044,900	-
Maturing in 2029	4.300	1,000,000	1,000,000
Maturing in 2030	4.325	1,000,000	1,000,000
Maturing in 2031	4.350	1,000,000	1,000,000
Maturing in 2037 *	5.220	250,000	250,000
Maturing in 2038 *	4.660 - 5.060	4,439,500	-
<i>Total Bahamas Government Registered Stocks</i>		22,718,000	17,168,600
<i>Corporate Bonds:*</i>			
Be Aliv Limited - Series B (12/2031)	8.500	350,000	350,000
FBB limited - Series F (5/2022)	5.500	50,000	-
Public Health Authority - Series A (9/2033)	6.000	84,472	90,104
<i>Total Corporate Bonds</i>		484,472	440,104
<i>Clifton Heritage Authority Bonds:</i>			
Maturing in 2035	5.000	140,700	140,700
<i>Total debt securities</i>		23,343,172	17,749,404
<u>Equities</u>			
Preference shares*		1,006,311	826,728
Prime Income Fund - Series 2*		3,068,312	504,035
Quoted Equities *		431,941	-
Bank of The Bahamas Limited (136,448 ordinary shares)		199,214	129,626
Arawak Port Development (115 ordinary shares (cost: \$1,150))		2,004	2,004
<i>Total equities</i>		4,707,782	1,462,393
Total		\$28,050,954	\$19,211,797

* These items include investments managed by Royal Fidelity, and at December 31, 2018 totaled \$8,744,636 (2017: \$4,859,467).

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12. INVESTMENT PROPERTIES

- a) Summary of movements of investments properties is as follows:

	2018	2017
Balance, beginning of year	\$22,885,735	\$23,579,363
Additions during the year	212,336	31,271
Disposal during the year	-	(63,800)
	23,098,071	23,546,834
Depreciation	(674,509)	(661,099)
Balance, end of year	\$22,423,562	\$22,885,735

- b) Details of investment properties are as follows:

	Vacant Properties	Rental Properties	Total
Cost			
Balance at December 31, 2016	\$ 1,819,524	\$24,557,090	\$26,376,614
Additions	-	31,271	31,271
Disposal	(60,000)	(3,800)	(63,800)
Balance at December 31, 2017	1,759,524	24,584,561	26,344,085
Additions	-	212,336	212,336
Balance at December 31, 2018	1,759,524	24,796,897	26,556,421
Accumulated depreciation			
Balance at December 31, 2016	-	2,797,251	2,797,251
Additions	-	661,099	661,099
Balance at December 31, 2017	-	3,458,350	3,458,350
Additions	-	674,509	674,509
Balance at December 31, 2018	-	4,132,859	4,132,859
Carrying value			
As at December 31, 2018	\$ 1,759,524	\$20,664,038	\$22,423,562
As at December 31, 2017	\$ 1,759,524	\$21,126,211	\$22,885,735

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12. INVESTMENT PROPERTIES (Continued)

- c) Carrying values of each investment property is as follows:

	Carrying Values	
	2018	2017
<u>Vacant Properties</u>		
South Ocean	\$ 1,225,650	\$ 1,225,650
Milo Butler Highway	206,111	206,111
Baillou Hill Road, South	63,431	63,431
#151 Central Pines, Abaco	264,332	264,332
Total vacant properties	1,759,524	1,759,524
<u>Rental Properties</u>		
East Street South	4,746,736	4,880,181
Tonique Williams-Darling Highway	1,365,457	1,422,959
Freeport	1,676,893	1,571,500
Abaco	12,874,952	13,251,571
Total rental properties	20,664,038	21,126,211
	\$22,423,562	\$22,885,735

- d) 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.

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12. INVESTMENT PROPERTIES *(Continued)*

d) Fair value disclosure *(Continued)*

Property	Type	Carrying Value	Fair Value
		\$	\$
South Ocean	Vacant	1,225,650	2,296,000
Milo Butler Highway	Vacant	206,111	261,000
Baillou Hill Road South	Vacant	63,431	105,000
East Street South	Land and building	4,746,736	5,560,000
Tonique Williams-Darling Highway	Land and building	1,365,457	3,325,000
Freeport	Land and building	1,676,893	2,140,000
Abaco Complex	Land and building	12,874,952	14,287,900
#151 Central Pines, Abaco*	Land and unoccupied building	264,332	178,000
TOTAL		22,423,562	28,152,900

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

e) Fair value hierarchy:

The fair value measurement for investment properties have been categorized in Level 2 based on the inputs of the valuation used, and management has not adjusted these values.

There were no transfers between the fair value levels during the year.

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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
Cost						
Balance at December 31, 2016	\$ 689,535	\$ 8,664,668	\$ 1,430,277	\$ 1,484,240	\$ 174,585	\$ 12,443,305
Additions	-	40,274	69,896	29,074	-	139,244
Transfers to other assets	-	-	-	(1,295)	-	(1,295)
Balance at December 31, 2017	689,535	8,704,942	1,500,173	1,512,019	174,585	12,581,254
Additions	-	468,635	473,456	310,636	-	1,252,727
Disposals	-	-	(1,566)	-	-	(1,566)
Balance at December 31, 2018	689,535	9,173,577	1,972,063	1,822,655	174,585	13,832,415
Accumulated depreciation						
Balance at December 31, 2016	-	2,781,940	1,135,186	1,173,803	158,205	5,249,134
Additions	-	244,207	121,268	132,056	15,127	512,658
Disposals	-	-	(1,876)	(553)	-	(2,429)
Balance at December 31, 2017	-	3,026,147	1,254,578	1,305,306	173,332	5,759,363
Additions	-	278,352	152,952	137,361	1,253	569,918
Disposals	-	-	(1,566)	-	-	(1,566)
Balance at December 31, 2018	-	3,304,499	1,405,964	1,442,667	174,585	6,327,715
Carrying value						
As at December 31, 2018	\$ 689,535	\$ 5,869,078	\$ 566,099	\$ 379,988	\$ -	\$ 7,504,700
As at December 31, 2017	\$ 689,535	\$ 5,678,795	\$ 245,595	\$ 206,713	\$ 1,253	\$ 6,821,891

14. MEMBERS' REGULAR DEPOSITS

The movement in members' regular deposits are as follows:

	Interest Rate	2018	2017
Balance, beginning of year	2.5%	\$62,056,780	\$56,596,031
Add: savings and interest		51,203,040	50,608,999
Less: withdrawals and transfers		(49,080,244)	(45,148,250)
Balance, end of year		\$64,179,576	\$62,056,780

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15. OTHER DEPOSITS

Other deposits are comprised of the following:

As at December 31, 2018					
	Interest Rate (%)	Members	Minors	Depositors	Total
Term deposits	0.25 - 3.00	\$ 97,447,173	\$ 610,816	\$ 2,373,369	\$ 100,431,358
Other deposits					
Savings	0.25 - 0.50	18,241,071	643,251	2,716,000	21,600,322
Christmas club accounts	0.75	497,978	535	-	498,513
Vacation club deposits	0.75	92,448	3,359	-	95,807
Bill paying accounts	0.50	29,401	-	-	29,401
		116,308,071	1,257,961	5,089,369	122,655,401
Dividend reinvestment	0.75	22,497	-	-	22,497
Preferred equity shares	3.50	1,887,100	-	-	1,887,100
Retirement savings	0.75	2,328,295	-	-	2,328,295
		\$ 120,545,963	\$ 1,257,961	\$ 5,089,369	\$ 126,893,293

As at December 31, 2017					
	Interest Rate (%)	Members	Minors	Depositors	Total
Term deposits	0.25 - 3.00	\$ 99,535,409	\$ 313,710	\$ 954,871	\$ 100,803,990
Other deposits					
Savings	0.25 - 0.50	16,868,389	416,485	641,424	17,926,298
Christmas club accounts	0.75	585,204	558	-	585,762
Vacation club deposits	0.75	134,453	3,363	-	137,816
Bill paying accounts	0.50	28,541	-	-	28,541
		117,151,996	734,116	1,596,295	119,482,407
Dividend reinvestment	0.75	26,569	-	-	26,569
Retirement savings	0.75	1,998,271	-	-	1,998,271
		\$ 119,176,836	\$ 734,116	\$ 1,596,295	\$ 121,507,247

At December 31, 2018, there was one (1) member with deposits which exceeded 10% of the Credit Union's equity. The deposit totaled \$2,262,247 (2017: one (1)) totaling (2017: \$2,191,687),

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16. OTHER LIABILITIES

Other liabilities are comprised of the following:

	2018	2017
Accrued interest payable		
Members' regular shares	\$ 1,529,660	\$ 1,517,844
Fixed deposits	1,218,776	1,245,643
Total accrued interest payable	2,748,436	2,763,487
Other payables		
Dormant accounts	477,067	479,640
Accrued expenses	181,535	142,459
Share loan insurance	79,408	80,441
Tenants' security deposits	90,838	78,218
League dues payable	-	49,300
Unallocated collections	33,149	33,149
Total other payables	861,997	863,207
	\$ 3,610,433	\$ 3,626,694

17. MEMBERS' EQUITY

i) Members' Shares

Members' shares consist of the following:

	2018			2017		
	Qualifying	Equity	Total	Qualifying	Equity	Total
<i>Balance, beginning of year</i>	\$ 880,350	\$ 3,583,000	\$ 4,463,350	\$ 868,600	\$ 3,426,450	\$ 4,295,050
Shares issued	26,350	24,500	50,850	53,850	346,950	400,800
Shares redeemed	(22,600)	(33,400)	(56,000)	(42,100)	(190,400)	(232,500)
<i>Balance, end of year</i>	\$ 884,100	\$ 3,574,100	\$ 4,458,200	\$ 880,350	\$ 3,583,000	\$ 4,463,350

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, 2018, there were 17,682 members (2017: 17,607 members) of the Credit Union.

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17. MEMBERS' EQUITY (Continued)

ii) Statutory Reserve

The movement in the statutory reserve is as follows:

	2018	2017
<i>Balance, beginning of year</i>	\$12,800,000	\$11,500,000
Transfer from retained earnings	1,075,000	1,300,000
<i>Balance, end of year</i>	13,875,000	12,800,000
Requirement (10% of total assets)	21,467,520	20,625,681
<i>Deficiency in statutory reserve</i>	\$ (7,592,520)	\$ (7,825,681)

The requirement to hold 10% of the Credit Union's assets in a statutory reserve in members' equity has not been met. The current amount of the statutory reserve in equity is 6.46% (2017: 6.21%) of total assets.

iii) Surplus Loan Reserve

The movement in the surplus loan reserve is as follows:

	2018	2017
<i>Balance, beginning of year</i>	\$ 511,963	\$ 511,963
Transfer to retained earnings	-	-
<i>Balance, end of year</i>	\$ 511,963	\$ 511,963

This reserve is an additional provision for loan losses, representing 0.5% of the performing loan portfolio of the Credit Union. This reserve is an appropriation of retained earnings and is not available for distribution to the members.

iv) Valuation Reserve

The movement in the valuation reserve is as follows:

	2018	2017
<i>Balance, beginning of year</i>	\$ (783,762)	\$ (676,091)
Net change in fair value during the year	163,349	(107,671)
<i>Balance, end of year</i>	\$ (620,413)	\$ (783,762)

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18. RELATED PARTIES BALANCES AND TRANSACTIONS

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

	2018	2017
	\$	\$
Loans receivable	2,673,389	6,067,748
Deposits	3,184,422	3,167,390
Members' regular shares	772,186	973,381
Qualifying and equity shares	41,250	56,700
Interest income	240,463	513,695
Interest expense	69,093	128,752
Key management compensation	928,614	879,459
Key management - short-term benefits	163,978	109,828
Key management - long-term benefits	91,705	15,194
Board expenses:		
Allowances	44,520	44,520
Expenses	35,892	5,363
Sub-committee expenses:		
Allowances	18,000	18,000
Expenses	10,471	6,625
Directors and officers insurance	4,650	4,185
Scotiabank credit cards	8,130	36,500
Fidelity Bank credit cards	36,075	-

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19. NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT

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

	2018	2017
<u>Net interest income on members' loans</u>		
Interest earned on loans to members	\$11,373,777	\$11,281,587
Interest expense on members' regular shares and deposits	(3,885,825)	(4,018,608)
	7,487,952	7,262,979
<u>Interest income on investments</u>		
Bahamas Government Registered Stocks	636,886	449,774
Deposits with the League	678,588	682,044
Time deposits and demand deposits	77,553	45,215
Royal Fidelity Bank portfolio	177,481	59,443
	1,570,508	1,236,476
	\$ 9,058,460	\$ 8,499,455

20. OTHER INCOME

Other income is comprised of the following:

	2018	2017
Loan services fees	\$ 175,826	\$ 181,585
Service charges	125,737	101,191
Entrance fees	117,580	56,035
Rebate on LP/LS Insurance	79,205	51,149
Other income	44,462	91,732
ATM fees	33,508	22,376
Dividend income	72,223	20,229
	\$ 648,541	\$ 524,297

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21. PROFITS/(LOSSES) ON RENTAL PROPERTIES

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

As at December 31, 2018					
	East Street South	Tonique Williams- Darling Highway	Freeport	Abaco	Total
Income					
Rental income	\$ 419,940	\$ 162,839	\$ 106,488	\$ 233,005	\$ 922,272
	419,940	162,839	106,488	233,005	922,272
Expenses					
Depreciation	169,532	57,502	47,082	400,393	674,509
Repairs and maintenance	201,947	66,389	11,052	64,859	344,247
Insurance	60,960	18,111	26,460	184,200	289,731
Taxes	31,416	49,606	1,161	1,634	83,817
Janitorial	293	-	-	845	1,138
(Recovery)/increase in bad debt	-	12,680	21,245	(9,305)	24,620
Utilities	1,044	5,776	24,324	32,324	63,468
Security	-	-	30,068	113,296	143,364
Other expenses	4,217	2,533	751	4,696	12,197
	469,409	212,597	162,143	792,942	1,637,091
Profit/(loss) for the year	\$ (49,469)	\$ (49,758)	\$ (55,655)	\$ (559,937)	\$ (714,819)
As at December 31, 2017					
	East Street South	Tonique Williams- Darling Highway	Freeport	Abaco	Total
Income					
Rental income	\$ 459,720	\$ 234,381	\$ 128,566	\$ 186,485	\$ 1,009,152
	459,720	234,381	128,566	186,485	1,009,152
Expenses					
Depreciation	181,298	40,706	42,000	397,095	661,099
Repairs and maintenance	113,431	54,018	19,547	101,528	288,524
Insurance	60,961	18,111	25,389	179,882	284,343
Taxes	25,710	53,422	-	-	79,132
Janitorial	950	100	135	-	1,185
(Recovery)/increase in bad debt	-	(5,156)	20,810	13,612	29,266
Utilities	1,100	3,857	19,164	30,291	54,412
Security	-	-	-	99,863	99,863
Other expenses	6,544	10,374	813	4,139	21,870
	389,994	175,432	127,858	826,410	1,519,694
Profit/(loss) for the year	\$ 69,726	\$ 58,949	\$ 708	\$ (639,925)	\$ (510,542)

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22. OPERATING EXPENSES

Operating expenses are comprised of the following:

	2018	2017
<i><u>Personnel</u></i>		
Salaries	\$ 2,038,745	\$ 2,026,180
Medical and pension (Note 24)	366,055	389,601
Other benefits	95,299	114,000
National insurance	98,003	97,799
Travel, training and development	82,522	36,414
	<u>2,680,624</u>	<u>2,663,994</u>
<i><u>General business</u></i>		
Depreciation - furniture and fixtures	152,953	121,267
Insurance - general	113,203	107,145
Professional and legal fees	113,804	106,396
Value Added Tax (VAT)	149,055	118,944
Equipment maintenance	159,495	119,310
Stationery and supplies	105,057	60,159
Depreciation - motor vehicles	1,254	15,126
Armoured car services	35,217	34,965
Motor vehicles license and maintenance	22,637	24,377
Bank charges	92,984	82,389
Courier and postage	5,842	6,853
Insurance - motor vehicles	4,303	4,334
Other general expense	10,346	23,322
	<u>966,150</u>	<u>824,587</u>
<i><u>Occupancy</u></i>		
Utilities	423,745	297,185
Depreciation - Building and improvements	278,352	244,208
General maintenance	293,715	156,793
Security services	174,636	134,867
Property tax	31,521	31,619
	<u>\$ 1,201,969</u>	<u>\$ 864,672</u>

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22. OPERATING EXPENSES (Continued)

	2018	2017
<i>Organizational</i>		
Board and committee development and travel	\$ 41,095	\$ 6,920
Board and committee remuneration	62,520	62,520
Annual general meetings and anniversary expenses	41,769	62,709
Stabilization fees	52,821	52,113
Board and committee meetings	5,268	5,066
Insurance - officers liabilities	4,650	4,185
Members' education	3,401	3,174
	211,524	196,687
<i>Members' security</i>		
Loans and savings insurance premium	391,360	340,384
Bond insurance premium	21,838	27,858
	413,198	368,242
<i>Computer costs</i>		
Computer software - depreciation	68,066	81,291
Software subscription and maintenance	381,644	197,202
Computer stationery and ATM expense	58,458	47,221
Computer hardware - depreciation	69,295	50,766
Internet	55,751	22,382
	633,214	398,862
<i>Marketing</i>		
Advertising and promotions	104,607	101,814
Marketing	12,137	17,338
Donations and gifts	10,829	9,037
	127,573	128,189
	\$6,234,252	\$5,445,233

(Concluded)

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23. COMMITMENTS AND CONTINGENCIES*i) Commitments*

- a) Commitments for undrawn loans at December 31, 2018 totaled \$4,671,674 (2017: \$5,721,236).
- b) Commitment for capital expenditure at December 31, 2018 totaled \$255,203 (2017: \$375,000).

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, 2018, the total balance outstanding on Scotiabank (Bahamas) Limited credit cards was \$158,382 (2017: \$356,000) on 353 (2017: 353) cards. There were twelve (12) delinquent balances converted to loans at December 31, 2018 (2017: 12).

- 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, 2018, the total balance outstanding on Fidelity Bank (Bahamas) Limited credit cards was \$102,169 (2017: \$0) on 46 (2017: 0) cards. There were no delinquent balances converted to loans at December 31, 2018 (2017: 0).

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 \$189,936 (2017: \$195,264) and is included in personnel expenses in the statement of comprehensive income.

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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, 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:

	2018	2017
Provision (a)		
Liquidity reserve deposits	\$ 19,293,064	\$ 18,486,571
Members' regular and other deposits	\$191,072,869	\$183,564,027
Actual ratio	10%	10%
Required ratio	10%	10%
Excess/(shortfall) of regulation	0%	0%
Provision (b)		
Regulatory reserves	\$ 20,100,348	\$ 19,337,883
Total assets	\$214,675,200	\$206,256,805
Actual ratio	9%	9%
Required ratio	10%	10%
Shortfall	-1%	-1%

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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

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

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26. FINANCIAL RISK MANAGEMENT *(Continued)***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.

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.

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26. FINANCIAL RISK MANAGEMENT *(Continued)*

26.1. Credit risk *(Continued)*

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

As at December 31, 2018				
	Nassau	Freeport	Abaco	Total
<i>(Expressed in B\$'000)</i>				
Cash at banks	\$ 9,203	\$ 1,672	\$ 1,324	\$ 12,199
Time deposits with banks	3,493	8	-	3,501
Deposits with the League	41,452	-	-	41,452
Available-for-sale investments	28,051	-	-	28,051
Investment in the League	30	-	-	30
Loans receivable, net	59,649	21,731	10,981	92,361
Other assets	1,243	15	53	1,311
Total financial assets	\$ 143,121	\$ 23,426	\$ 12,358	\$ 178,905

As at December 31, 2017				
	Nassau	Freeport	Abaco	Total
<i>(Expressed in B\$'000)</i>				
Cash at banks	\$ 8,154	\$ 1,209	\$ 1,450	\$ 10,813
Time deposits with banks	2,684	8	-	2,692
Deposits with the League	39,632	-	-	39,632
Available-for-sale investments	17,749	-	-	17,749
Loans receivable, net	65,715	23,022	11,052	99,789
Other assets	703	87	68	858
Total financial assets	\$ 134,637	\$ 24,326	\$ 12,570	\$ 171,533

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

	2018	2017
Individual members	\$ 96,799,250	\$ 104,121,848
Institutional members	2,697,758	2,199,141
	\$ 99,497,008	\$ 106,320,989

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26. FINANCIAL RISK MANAGEMENT (Continued)

26.1. Credit risk (Continued)

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

	2018	2017
Neither past due nor impaired	\$ 94,380,516	\$ 101,591,856
Past due but not impaired	970,085	848,688
Impaired	4,146,408	3,880,445
Gross	99,497,009	106,320,989
Less: deferred service fees	(2,397,064)	(2,236,510)
Less: allowance for impairment	(5,116,493)	(4,729,133)
Net	\$ 91,983,452	\$ 99,355,346

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.

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.

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26. FINANCIAL RISK MANAGEMENT (Continued)

26.2. Liquidity risk (Continued)

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, 2018				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Liabilities:					
Members' regular deposits	\$64,179,576	\$ -	\$ -	\$ -	\$ 64,179,576
Other deposits	28,957,950	5,207,980	20,300,678	72,426,685	126,893,293
Other liabilities	197,615	35,000	2,959,503	567,906	3,760,024
Total liabilities	\$93,335,141	\$ 5,242,980	\$23,260,181	\$72,994,591	\$194,832,893

	As at December 31, 2017				
	Within 1 Month	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Liabilities:					
Members' regular deposits	\$62,056,780	\$ -	\$ -	\$ -	\$ 62,056,780
Other deposits	22,109,804	30,513,137	66,886,035	1,998,271	121,507,247
Other liabilities	248,870	2,763,486	561,617	-	3,573,973
Total liabilities	\$84,415,454	\$33,276,623	\$67,447,652	\$ 1,998,271	\$187,138,000

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(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 \$201,218 (2017: \$131,630).

- 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 \$10,061 (2017: \$6,582).

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, 2018

(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 repricing or maturity dates.

	As at December 31, 2018				
	Within 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
Assets:					
Cash at banks	\$ 12,049,505	\$ -	\$ -	\$ 149,409	\$ 12,198,914
Time deposits	3,500,630	-	-	-	3,500,630
Deposits with the League	397,958	-	41,054,320	-	41,452,278
Loans receivable, net	4,501,953	27,387,043	58,150,072	2,322,019	92,361,087
Financial investments	-	6,324,800	17,018,372	4,737,982	28,081,154
Other assets	-	-	-	1,311,000	1,311,000
Total assets	20,450,046	33,711,843	116,222,764	8,520,410	178,905,063
Liabilities:					
Members' regular deposits	64,179,576	-	-	-	64,179,576
Other deposits	51,750,607	72,426,685	-	2,716,000	126,893,292
Other liabilities	-	-	-	3,760,024	3,760,024
Total liabilities	115,930,183	72,426,685	-	6,476,024	194,832,892
Total interest repricing gap	\$ (95,480,137)	\$ (38,714,842)	\$ 116,222,764	\$ 2,044,386	\$ (15,927,829)
Cumulative gap	\$ (95,480,137)	\$(134,194,979)	\$ (17,972,215)	\$ (15,927,829)	

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

26. FINANCIAL RISK MANAGEMENT (Continued)

26.3. Market risk (Continued)

Interest rate risk (Continued)

As at December 31, 2017					
	Within 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
Assets:					
Cash at banks	\$ 750,000	\$ -	\$ -	\$ 10,069,273	\$ 10,819,273
Time deposits	2,691,951	-	-	-	2,691,951
Deposits with the League	393,267	-	39,238,458	-	39,631,725
Loans receivable, net	434,316	60,682,295	31,698,235	6,974,816	99,789,662
Financial investments	4,500,000	5,650,639	7,599,304	1,491,393	19,241,336
Other assets	-	-	-	3,479,623	3,479,623
Total assets	8,769,534	66,332,934	78,535,997	22,015,105	175,653,570
Liabilities:					
Members' regular deposits	62,056,780	-	-	-	62,056,780
Other deposits	52,622,941	66,886,035	1,998,271	-	121,507,247
Other liabilities	-	-	-	3,626,694	3,626,694
Total liabilities	114,679,721	66,886,035	1,998,271	3,626,694	187,190,721
Total interest repricing gap	\$(105,910,187)	\$ (553,101)	\$ 76,537,726	\$ 18,388,411	\$ (11,537,151)
Cumulative gap	\$(105,910,187)	\$(106,463,288)	\$ (29,925,562)	\$ (11,537,151)	

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

a) Financial instruments not measured at fair value:

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

b) Financial instruments measured at fair value:

Quoted securities classified as available-for-sale are measured by reference to quoted market prices on the Bahamas International Stock Exchange (BISX).

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

Notes to Financial Statements

December 31, 2018

(Expressed in Bahamian dollars)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

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, 2018				
	Level 1	Level 2	Level 3	Total
<u>Financial instruments</u>				
Available-for-sale investments	\$ 201,218	\$27,849,736	\$ -	\$28,050,954
As at December 31, 2017				
	Level 1	Level 2	Level 3	Total
<u>Financial instruments</u>				
Available-for-sale investments	\$ 131,630	\$19,080,167	\$ -	\$19,211,797



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The primary purpose of our examination for the year ended December 31, 2018 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 46, taken as a whole.

The supplementary information for the year ended December 31, 2018 presented on pages 48 through 56 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.

A handwritten signature in cursive script that reads "Baker Tilly".

CHARTERED ACCOUNTANTS

March 29, 2019
Nassau, The Bahamas

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

Statement of Profit or Loss – Nassau, Head Office

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
INTEREST INCOME		
Loans	\$ 7,563,687	\$ 7,701,332
Investments	1,568,974	1,233,975
Total interest income	9,132,661	8,935,307
Interest expense	(3,278,868)	(3,307,556)
NET INTEREST INCOME	5,853,793	5,627,751
Increase in provision for loan impairment	(1,134,161)	(1,295,169)
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT	4,719,632	4,332,582
Other income	505,821	398,865
(Loss)/profit on rental properties	(99,226)	128,674
Total income	5,126,227	4,860,121
OPERATING EXPENSES		
Personnel	2,193,994	2,166,543
Occupancy	912,979	591,092
General business	677,719	579,129
Computer costs	587,599	360,587
Organizational	193,368	175,270
Members' security	402,279	357,463
Marketing	106,245	109,973
Total operating expenses	5,074,183	4,340,057
PROFIT FOR THE YEAR	\$ 52,044	\$ 520,064

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

Statement of Operating Expenses – Nassau, Head Office

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
<u>Personnel</u>		
Salaries	\$ 1,684,993	\$ 1,662,816
Medical and pension	292,410	311,087
Staff benefits	78,842	95,594
National insurance	79,741	79,394
Travel, training and development	58,008	17,652
	2,193,994	2,166,543
<u>Occupancy</u>		
Utilities	317,033	209,401
Depreciation - building	181,405	147,747
Building maintenance	246,844	119,031
Building security	136,176	83,294
Property tax	31,521	31,619
	912,979	591,092
<u>General business</u>		
Depreciation - furniture & equipment	77,103	47,906
Insurance	68,449	65,021
Professional fees	108,831	101,598
Value Added Tax (VAT)	122,048	101,050
Equipment maintenance	123,776	90,295
Stationery and supplies	53,280	48,506
Depreciation - vehicles	-	1,145
Armoured car services	23,667	22,675
Vehicle expenses	16,876	13,985
Bank charges	68,586	58,393
Courier and postage	2,254	4,616
Insurance - vehicles	2,870	2,853
Other general expense	9,979	21,086
	677,719	579,129
<u>Computer costs</u>		
Computer software - depreciation	64,399	78,198
Software subscription and maintenance	377,607	189,205
Computer stationery and ATM expense	48,974	40,233
Computer hardware - depreciation	54,982	40,780
Internet	41,637	12,171
	\$ 587,599	\$ 360,587

(Continued)

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

Statement of Operating Expenses – Nassau, Head Office

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
<i>Organizational</i>		
Board and committee development and travel	\$ 37,794	\$ 1,004
Board and committee remuneration	62,520	62,520
Annual general meetings and anniversary expenses	41,328	60,688
Stabilization fees	39,837	39,369
Board and committee meetings	4,990	4,993
Directors and officers insurance	4,650	4,185
Members' education	2,249	2,511
	193,368	175,270
<i>Members' security</i>		
Share/loan insurance premium	391,360	340,384
Blanket bond insurance premium	10,919	17,079
	402,279	357,463
<i>Marketing</i>		
Advertising and promotions	83,904	85,191
Marketing	11,862	15,770
Donations	10,479	9,012
	106,245	109,973
	\$ 5,074,183	\$ 4,340,057

(Concluded)

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

Statement of Profit or Loss – Freeport Branch

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
INTEREST INCOME		
Loans	\$ 2,595,553	\$ 2,486,019
Investments	732	1,636
Total interest income	2,596,285	2,487,655
INTEREST EXPENSE		
Members' shares and deposits	(443,567)	(522,294)
NET INTEREST INCOME	2,152,718	1,965,361
Increase in provision for loan impairment	(684,805)	(543,312)
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT	1,467,913	1,422,049
Other income	82,141	77,360
(Loss)/profit on rental properties	(55,655)	708
Total income	1,494,399	1,500,117
OPERATING EXPENSES		
Personnel	276,459	306,380
General business	79,752	73,645
Occupancy	84,850	84,926
Organizational	12,893	13,443
Members' security	6,115	5,280
Computer costs	24,856	22,191
Marketing	12,864	9,063
Total operating expenses	497,789	514,928
PROFIT FOR THE YEAR	\$ 996,610	\$ 985,189

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

Statement of Operating Expenses – Freeport Branch

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
<i><u>Personnel</u></i>		
Salaries	\$ 210,857	\$ 231,533
Medical and pension	33,635	42,397
Staff benefits	9,573	11,413
National insurance	10,728	11,499
Travel, training and development	11,666	9,538
	276,459	306,380
<i><u>General business</u></i>		
Depreciation - furniture and fixtures	11,780	11,199
Insurance - general	2,940	2,794
Professional and legal fees	3,562	3,048
Value Added Tax (VAT)	10,036	5,863
Equipment maintenance	15,537	16,770
Stationery and supplies	24,710	5,537
Depreciation - vehicles	-	6,457
Armoured car services	2,275	4,075
Vehicle expenses	3,486	8,261
Bank charges	2,711	6,821
Courier and postage	2,083	1,284
Insurance - motor vehicle	626	671
Other general expense	6	865
	79,752	73,645
<i><u>Occupancy</u></i>		
Utilities	41,940	34,879
Depreciation - building	9,504	9,504
Building maintenance	17,041	13,337
Building security	16,365	27,206
	84,850	84,926
<i><u>Organizational</u></i>		
Board and committee travel	2,441	2,922
Stabilization	9,024	8,919
AGM/anniversary	180	1,388
Board and committee meetings	278	36
Members' education	970	178
	\$ 12,893	\$ 13,443

(Continued)

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

Statement of Operating Expenses – Freeport Branch

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
<i>Members' security</i>		
Bond insurance	\$ 6,115	\$ 5,280
	6,115	5,280
<i>Computer costs</i>		
Computer software - depreciation	2,052	1,765
Software subscription	2,386	4,432
Computer hardware - depreciation	6,026	4,016
Computer stationery and ATM expense	7,070	6,561
Internet	7,322	5,417
	24,856	22,191
<i>Marketing</i>		
Advertising and promotions	12,689	8,436
Marketing	175	627
	12,864	9,063
	\$ 497,789	\$ 514,928

(Concluded)

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

Statement of Profit or Loss – Abaco Branch

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
INCOME		
Loans	\$ 1,214,537	\$ 1,094,236
Investments	802	866
Total interest income	1,215,339	1,095,102
INTEREST EXPENSE		
Interest expense	(163,389)	(188,759)
NET INTEREST INCOME	1,051,950	906,343
Increase in provision for loan impairment	(171,349)	(141,318)
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT	880,601	765,025
Other income	60,579	48,073
Loss on rental properties	(559,937)	(639,925)
Total loss	381,243	173,173
OPERATING EXPENSES		
Personnel	210,171	191,071
General business	208,679	171,813
Occupancy	204,140	188,654
Organizational	5,263	7,974
Members' security	4,804	5,499
Computer costs	20,759	16,084
Marketing	8,464	9,153
Total operating expenses	662,280	590,248
LOSS FOR THE YEAR	\$ (281,037)	\$ (417,075)

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

Statement of Operating Expenses – Abaco Branch

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
<i><u>Personnel</u></i>		
Salaries	\$ 142,895	\$ 131,831
Medical and pension	40,010	36,117
Staff benefits	6,884	6,993
National insurance	7,534	6,906
Travel, training and development	12,848	9,224
	210,171	191,071
<i><u>General business</u></i>		
Depreciation - furniture & fixtures	64,070	62,162
Insurance	41,814	39,330
Professional fees	1,411	1,750
Value Added Tax (VAT)	16,971	12,031
Equipment maintenance	20,182	12,245
Stationery and supplies	27,067	6,116
Depreciation - vehicles	1,254	7,524
Armoured car services	9,275	8,215
Vehicle expenses	2,275	2,131
Bank charges	21,687	17,175
Courier and postage	1,505	953
Insurance - motor vehicle	807	810
Other general expense	361	1,371
	208,679	171,813
<i><u>Occupancy</u></i>		
Utilities	64,772	52,905
Depreciation - building	87,443	86,957
Building maintenance	29,830	24,425
Building security	22,095	24,367
	\$ 204,140	\$ 188,654

(Continued)

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

Statement of Operating Expenses – Abaco Branch

For the year ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
<i><u>Organizational</u></i>		
Board and committee travel	\$ 860	\$ 2,994
Stabilization fees	3,960	3,825
AGM and anniversary expenses	261	633
Board and committee meetings	-	37
Members' education	182	485
	5,263	7,974
<i><u>Members' security</u></i>		
Bond insurance	4,804	5,499
	4,804	5,499
<i><u>Computer costs</u></i>		
Computer software - depreciation	1,615	1,328
Software subscription	1,651	3,565
Computer hardware - depreciation	8,287	5,970
Computer stationery and ATM expense	2,414	427
Internet	6,792	4,794
	20,759	16,084
<i><u>Marketing</u></i>		
Advertising and promotions	8,014	8,187
Marketing	100	941
Donations	350	25
	8,464	9,153
	\$ 662,280	\$ 590,248

(Concluded)



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.

In addition to our regular meetings, during the past year the Committee interviewed management and staff, reviewed and inspected operations in Nassau, Freeport and Abaco and met with the Board of Directors on a several occasions as well as Central Bank examiners.

The main areas noted:

1. Risk Assessment and Management
 - a. Management has met the regulators mandate to mitigate, manage, and assess risk at every level of the TSWCCUL. This is a work in progress. However, according to regulators we still have outstanding items.
 - b. The areas noted included: Loan Risk, Financial Risk, and Operational Risk. The appointment of existing managers to head the three areas along with support from the General Manager was noted and indeed commended as these areas offer greater oversight that will bring about better loan approvals and performance, greater solvency in meeting the financial standards of the Central Bank Regulators, to ensure our operations remain inherently safe for our members and staff.
 - c. We look forward to greater development of the Risk Management Team as they continue to grow and strengthen areas of weakness as far as risk is concerned.
2. Investment Properties.
 - a. Challenges exist with acquiring renters who are willing to pay the full value of the spaces we offer for rent, however, considerable improvements in procuring renters for the Abaco, Grand Bahama and Nassau properties have been made.
 - b. We note that divesting of the lease properties portfolio has been recommended and with specifics tabled at the Board and Management levels and we agree with this stance and trust that as time moves on, so will the efforts also increase toward realizing the divesting exercises. We look forward to such an exercise to be inclusive of New Providence, Grand Bahama and Abaco branches.
3. Delinquency

As noted in the Treasurer's report, the delinquency rate is nearer to two times the Pearls Ratio Standard of 5%. Increased efforts must be made to reduce the delinquency rate that will also reduce the loan loss provision and thus increase the profitability of the credit union.

 - a. Greater oversight is needed to follow through on non-performing loans within the first 30 days and outsourcing of much if not all of the charge off, which will produce and increase profits.

- b. Ensuring that timely legal action continues to be taken against all delinquent loans inclusive of related parties, in the Magistrates & Supreme Courts. Efforts must be strengthened in taking timely legal action on all non-performing loans across our loans portfolio.
 - c. We are grateful that foreclosed properties are being advertised however there is a need to ensure independent appraised values are reflective of the current market to fully liquidate these assets. Further, we look forward to greater marketing of these properties in-house to members and depositors alike.
4. Loans
- Increasing the loan portfolio to grow interest income is needed to prevent the erosion of the credit union base and increase profitability.
- a. Targeting new members that have the capacity to borrow with a reliance on increased technology.
 - b. The “Loans-On-The-Go” and Skip Payment campaign is showing success and has the potential to realize greater profits to our credit union.
 - c. The Car Loan campaign proved successful in attracting new loans and members. We trust that this can continue to be run with the addition of new incentives to draw greater participation.
 - d. It is also noted that the interest rates (as high as 16%) need to be revisited to make the entire lending system more attractive and affordable to members.
5. Compliance with the Credit Union Act and Central Bank guidelines:
- a. Liquidity and Statutory Reserves balance with The Bahamas Cooperative League are compliant.
 - b. Statutory Reserves requirement based on equity shares is not compliant with the Act, but the Central Bank is satisfied the Credit Union is making progress in bringing its reserves compliant over the next few years. The marketing of the need to bring those reserves up to par is what we hope to see as an ongoing theme until fully compliant.
6. Compliance Matters
- a. Many of the Central Bank requirements were met as far as the handling and reporting on dormant accounts; declaration of wealth and the status of Politically Exposed Persons (PEPS) to date. However, new financial reporting details need to be noted, shared and executed for our Credit Union to remain the leader in regulation prudence.
7. E-Commerce/IT Renovation
- a. The ATM is now available 24 hours a day, 7 days a week to increase member access. A new vendor for both debit and credit cards was secured. The new ATM system is expected to bring in additional fees income as persons who do not have credit cards from our credit union will be able to access funds from our ATM's, along with a host of other card services which should roll out during 2019.
 - b. The Data Center has been renovated and there are greater security controls and firewalls. The work spaces also have received renovations and secondary storage of data has been established overseas. The committee noted that the budget for this renovation and server was exceeded highlighting the need for greater oversight that should include a management team to manage such projects from start to finish to stay within budget and the expected timeline.
8. Staffing and Human Resources
- a. Staffing: The management team is working to improve our Credit Union's daily operations and efficiency. In 2018 we noted the resignation of the Property Manager, and the timely efforts to onboard a replacement. Recent resignations from the IT and Compliance Managers were also acknowledged and efforts to replace them have begun. Management and the Board of Directors need to ensure it creates an atmosphere where employee morale is high and staff feel empowered and are committed to the Credit Union beyond a salary.

Additionally, in 2018 management in many areas said there was a need for more staff to ensure efficient member servicing, proper checks are being conducted and segregation of duties as well as to effectively onboard new projects. A Man Power audit by the Human Resources Manager indicated seventeen (17) new employees were needed but due to stringent budget requirements approval was given to hire six (6) persons however shortly thereafter the staffing complement was bolstered with the deployment of some eleven (11) persons from the government's National Job Creation and Skills Enhancement Program (NJCSE) who have been assigned to areas across our Credit Union. The area assignments include: Operations, Loans, Accounts, Marketing, Property Management and Human Resources.

- b. Training: To ensure the management and staff deliver at the highest level of performance standards training must be a continuous business activity and while strides have been made in this regard efforts must be intentional and visible with measurements taken to assess the return on investment for all training offered.

Central Bank guidelines require that the Supervisory Committee possess a strong technical knowledge for our oversight responsibilities. We are pleased to advise that our Committee brings with it experience and sound technical training. We do look forward to additional training in 2019.

- ◇ Anti-Money Laundering/Counter Financing of Terrorism by The Central Bank
- ◇ Credit Union Leadership Convention

We do look forward to additional training in 2019

CONCLUSION

The TSWCCUL remained the leader in the cooperative movement in 2018.

We commend the Board of Directors, Management and Staff for their due diligence in ensuring that our credit union continues to see steady growth. We further encourage the Board of Directors, Management and Staff to make every effort to bring down our delinquency through a collective exercise, with delinquency mitigation affecting every loan, collection, new account opening and member serviced.

The overall success of this organization depends on you the members, and we encourage you to play your role 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,

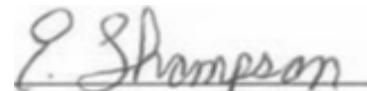
Committed to serve you!



Renee Mayers – Chairman



Graham McKinney - Secretary



Elbert Thompson - Member





EDUCATION COMMITTEE MEMBERS:

Ms. Barbara Bowe-Chairperson
Mr. Terrence King-Vice Chairman
Mrs. Marcia Munnings-Secretary
Ms. Edith Rolle-Assistant Secretary
Mrs. Doreth Campbell-Chaplain
Mr. Shavado Gibson-Member

EDUCATION COMMITTEE BOARD LIAISONS:

Mr. Henry Campbell- Liaison Board Member
Mrs. Italia Seymour- Liaison Board Member

STAFF LIAISON:

Mrs. Yvonne Rahming-Marketing Manager

With the adage, **“People Helping People to Help Themselves,”** in mind, we offer the following record of our efforts.

As volunteers, members of The Education Committee are appointed by, and serve at the pleasure of the Board of Directors. As is usually the case, we are appointed from among persons who expressed interest in contributing to the education, training, growth, and development of the credit union members.

Our committee consists of six dedicated individuals who served for the year 2018. Most of our present team offered themselves, were trained, and appointed in mid-2017.

The Education Committee held eight meetings in the year 2018. Meetings were held in January to June, September, and November. In each meeting, we used the time to plan and organize information sessions as well as provide feedback and suggestions as to how we can educate members.

Within the calendar year, we hosted a total of two (2) informational sessions. The first was held on Thursday 15th February, with the theme, **“The Use of Debit Card and ATM Cards.”** Members of the Credit Union were in attendance, in goodly numbers, and the information disseminated was warmly received by all. Our second informational session, **“The Importance of Insurance”** was held Thursday 18th October, 2018. Mrs. Sherry Stevenson, Insurance Manager at The Bahamas Co-operative Insurance Brokerage Limited, and her team educated members on a number of products offered inclusive of the Sapphire Medical Plan.

Both sessions were held at the Teachers and Salaried Workers Co-Operative Credit Union Limited Headquarters on Independence Drive. We extend a hearty thanks to all of our members who took time out of their busy schedules to come

EDUCATION COMMITTEE REPORT

out and participate in the sessions.

Our Marketing Manager, Mrs. Yvonne Rahming, has proven to be a most valuable asset to this committee again this past year. She provided support and assisted with planning informational sessions. For example, suggesting names of speakers, possible session titles, as well as preparing the venue and the programs for sessions. Thank you, thank you, thank you Mrs. Rahming. Your labor is not in vain.

In July 2019, three members of the Education Committee have been chosen by the Board of Directors to attend the World Credit Union Conference (WOCCU) meeting at the Atlantis Resort. Education Committee members: Shavado Gibson, Doreth Campbell, and Barbara Bowe will attend the session on Monday 29th July, 2019. We are grateful for this experience to mingle with global leaders within the credit union network and glean valuable information which will be shared at the sessions.

Also in 2019, we will organize and host information sessions on topics and issues our members deem relevant. Our only hope is that more people get involved and attend the sessions when they are advertised and held.

Last, but certainly not least, the Education Committee would like to thank the Liaison Board of Directors, the Marketing Department Manager, and the entire Staff for assisting us as we executed our duties. Your time and talent greatly assisted the work of the Education Committee.

My prayer is that as members of this great organization, we would continue to seek out opportunities to empower ourselves and in the end truly become, **“People helping people to help ourselves.”**

Thank you.

Yours Faithfully,

B. Bowe

Barbara L. Bowe
Chairperson



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.

2019 RESOLUTIONS

RESOLUTION 1

WHEREAS the audited accounts for 2018 indicates that there are sufficient funds to provide a cash dividend to shareholders of the Teachers and Salaried Workers Co-operative Credit Union, and

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

BE IT RESOLVED that this Annual General Meeting approves payment of One and a Quarter Half Percent (1.25%) Interest on Regular Share (RS) Deposits; Three Quarter Percent (0.75%) Interest on Dividend Reinvestments; Three Quarter Percent (0.75%) Interest on Retirement Accounts; One Half Percent (0.50%) Interest on Deposit Accounts (D1); One Half Percent (0.50%) Interest on Share Deposit (SD).

RESOLUTION 2

APPOINTMENT OF AUDITORS

BE IT RESOLVED that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2019.

RESOLUTION 3

REMUNERATIONS

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

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

BE IT RESOLVED, and RATIFIED that remunerations to directors and committee members be fixed and ratified as follows:-

Part (i): DIRECTORS

(a) That the remuneration (stipend) for Directors be fixed and ratified at Five Hundred, and Thirty dollars (\$530.00) per month each, in arrears, until the next annual general meeting in 2020.

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 2020.



PAST TO PRESENT BOARD OF DIRECTORS

1977-1980 | **Mr. Eris Moncur**

1980-1982 | **Mr. Cecil N. Curling**

1982-1984 | **Mr. Huel F. Moss Sr.**

1984-1986 | **Mr. McDonald Rolle**

1986-1988 | **Mr. Berkley Smith**

1988-1990 | **Mr. Franklin M. Ferguson**

1990-1993 | **Mr. McDonald Rolle**

1993-1995 | **Mr. E. J. Bowe**

1995-1996 | **Mr. Clement Horton**

1996-1997 | **Mr. E. J. Bowe**

1997-2000 | **Mr. Franklin M. Ferguson**

2000-2001 | **Mr. Leroy M. Sumner**

2001-2003 | **Mr. McDonald Rolle**

2003(Jun-Oct) | **Mr. W. Johnley Ferguson**

2003-2009 | **Mr. Donald Symonette**

2009-2010 | **Mrs. Cheryl Bowe-Moss**

2010-2014 | **Mr. Donald Symonette**

2014-2015 | **Mr. McDonald Rolle**

2015(May-Oct) | **Mr. W. Johnley Ferguson**

2015-2017 | **Mr. Lenn King**

2017-2018 | **Mrs. Sharon Rahming**

2018-2019 | **Mrs. Sharon Rahming**

REVIEW OF 2018

NEW HIRES:-

Kertisha P. Russell (Abaco) | April 3, 2018
 Patrinique Astwood (Freeport) | April 3, 2018
 Christoff Johnson (Collections) | May 1, 2018
 Ingia Thompson (Operations) | May 16, 2018
 Alkeisha Edgecombe (Collections) | May 16, 2018
 Tiffany Cooper (Operations) | May 16, 2018
 Rubenique Major (Member Services) | May 16, 2018
 Bodeisha Rolle (Loans) | May 28, 2018
 Joanne Bowe (Internal Audit) | July 2, 2018
 Pheona Brown-Stubbs | September 17, 2018

RESIGNATIONS:-

Alkeisha Edgecombe | September 14, 2018
 Kimberley Taylor | October 4, 2018
 Julian Miller | October 31, 2018

RETIREMENT(S):-

Shirley Knowles | August 9, 2018

RECLASSIFICATION/PROMOTION(S):-

Kendrick Minns | January 1, 2018 (Clerk III)
 Rhonda Arthur | May 1, 2018 (Clerk III)
 Felonie Carey-Shepherd | August 1, 2018 (Head Teller)
 Cindy Pratt-Edgecombe | October 1, 2018 (Clerk II)

PROMOTIONS:-

Joanne Gibson | January 2018 (Asst. Manager Credit)
 Mesha Rolle | January 2018 (Loans Supervisor)
 Patricia Curry (Abaco) | January 2018 (Supervisor – Abaco)
 Bianka Brown | August 1, 2018 (Supervisor-Freeport)
 Tamaria Saunders-Gardiner | November 1, 2018 (Chief Accounts Clerk)

BOARD OF DIRECTORS EXECUTIVE COMMITTEE:

- ◇ Sharon Rahming, Chairperson
- ◇ W. Johnley Ferguson, Vice Chairman
- ◇ Theresa Deleveaux, Treasurer
- ◇ Cheryl Bowe-Moss, Secretary

2017 BENCHMARKS:

As at December (2018):

- Total Assets: \$214,675,200
- Net Income: \$930,964

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contact
502-9200

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HEAD OFFICE BUILDING NASSAU

East Street & Independence Drive | P. O. Box N-8325 | Telephone: (242) 502-9200 | Fax: (242) 356-9691



ABACO BRANCH OFFICE COMPLEX

Central Pines | P. O. Box AB-20187 | Marsh Harbour | Telephone: (242) 367-3613 | Fax: (242) 367-3612



FREEPORT BRANCH OFFICE COMPLEX

West Atlantic Drive | P. O. Box F-42632 | Grand Bahama | Telephone: (242) 351-6185/89 | Fax: (242) 351-5036