



Theme:

Inspire, Integrate, Innovate

Date:

May 24, 2025

Venue: **Balmoral Club** Sandford Drive

integrity



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### **AGENDA**

CALL TO ORDER	
Invocat	
National A Prayer Of St. Frar	
Apolog	
Moment of Silence for Deceased Mo	
Reading Of AGM Notice	Secretary of the Board
Ascertainment Of Quorum	Vice Chairman of the Board
GreetingsFrom The B	ahamas Co-Operative League Limited
Protocol For Meeting	Vice Chairman of the Board
Minutes Of Last Meeting	Secretary of the Board
Matters Arising	Chairman of the Board
Board Of Directors Report	Chairman of the Board
Supervisory Committee Report	Committee Chairman
Credit Committee Report	Committee Chairman
Treasurer's ReportAudited Financia Budge	l Statements
Resolutions	Secretary of The Board
Nomination Committee Report  Electio Board Dire Supervisory Comm Credit Committe	i <mark>ns:</mark> ectors nittee Members
Nomination Comm	
Vote Of Thanks   Benediction	Assistant Treasurer Of the Board

### PRAYER OF SAINT FRANCIS OF ASSISI

ord, 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; And where there is sadness, joy. O Divine Master, Grant that I may not so much seek. To be consoled as to console; To be understood as to understand; To be loved as to love. For it is in giving that we receive; It is in pardoning that we are pardoned; And it is in dying that we are born to eternal life. Amen

### **2025 CALL NOTICE**

TO: MEMBERS IN GOOD STANDING ONLY

NOTE: DELINQUENT, NON-MEMBERS AND CHILDREN WILL NOT BE ADMITTED

#### **MESSAGE:**

Notice is hereby given that the Annual General Meeting of the Teachers & Salaried Workers Cooperative Credit Union Limited is scheduled for **Saturday, 24th May 2025, starting at 9:00 a.m. at the Balmoral Club, Sandford Drive**.

#### **REGISTRATION:**

<u>Pre-registration:</u> Members will be able to pre-register online between **May 5, 2025, through May 21, 2025, until 5:00p.m.** The online registration link can be accessed via https://www.tswccul.org/.

**In-person registration:** Will begin at 8:00 a.m. at the Balmoral Club.

The purpose for the meeting is:

To receive the Report of the Board of Directors for 2024.

To receive the Audited Accounts for 2024.

To elect member(s) of the Board of Directors.

To elect member(s) of the Supervisory Committee.

To elect member(s) of the Credit Committee.

To elect the Nominations Committee.

To discuss and approve the Budget for 2025-2026.

To discuss and approve Resolutions.

Secretary of the Board

Teachers & Salaried Workers
Co-operative Credit Union Limited

### 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.

### **RETIRING BOARD & COMMITTEE MEMBERS**

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

### **RETIRING BOARD OF DIRECTORS**

Directors	Elected/	2025	2026	2027
	Reelected			
Leroy Sumner	2023		*	
Elbert Thompson	2023		*	
Theresa Deleveaux	2022	*		
Sharon Rahming	2022	*		
H. Don King	2024			*
RoyAnne Neely-Morrison	2024			*
Natasha Cooper	2024			*

### RETIRING SUPERVISORY COMMITTEE MEMBERS

Member	Elected/ Reelected	2025	2026	2027
Sherene Saunders	2023		*	
Sophia Thompson-Williams	2024			*
David Briggs	2021	*		

### RETIRING CREDIT COMMITTEE MEMBERS

Member	Elected/ Reelected	2025	2026	2027
Vienna McKenzie	2022	*		
Theresa Sands-Mortimer	2023		*	
Eleanor Rolle	2024			*

### NOMINATIONS COMMITTEE MEMBERS

Members
Judy Hamilton (Chairman)
Ashley Clarke (Secretary)
Jill Saunders Member

# MINUTES OF THE 47TH ANNUAL GENERAL MEETING

Theme: "Building on The Past for A Better Future"

All Saints Parish Hall, South Beach

June 1, 2024

### 1. CALL TO ORDER:

- 1.1. The meeting was called to order at 9:00 AM by Chairman, Mr. Leroy Sumner.
- 1.2. Chairman Mr. Leroy Sumner announced that a quorum was met with over 100 members in attendance.

### 2. INVOCATION:

2.1. Mr. Ashley Clarke provided a scripture reading from Isaiah, Chapter 26 verse 3, followed by a prayer.

### 3. NATIONAL ANTHEM:

3.1. Mr. Philip Johnson led the National Anthem.

### 4. PRAYER OF ST. FRANCIS OF ASSISI:

4.1. Secretary Mrs. Sharon Rahming invited members to read the Prayer of St. Francis of Assisi.

### 5. AGM CALL NOTICE:

5.1. Secretary Mrs. Sharon Rahming read the Call Notice for the AGM outlining the meeting's agenda.

#### 6. STANDING ORDERS:

6.1. Secretary Mrs. Sharon Rahming presented the standing orders for the meeting, which included rules for addressing the Chair and speaking limits.

#### 7. APOLOGIES:

7.1. Chairman Mr. Leroy Sumner noted the absence of Director Mr. Henry Campbell due to health issues.

### 8. ADOPTION OF AGENDA:

8.1. Mr. McDonald Rolle moved to accept the agenda as presented. The motion was seconded by Mr. Philip Johnson, and was carried unanimously.

### 9. READING OF PREVIOUS MEETING MINUTES:

Secretary Mrs. Sharon Rahming reported that there were three sets of minutes to review. See below matters arising from the minutes.

9.1. Chairman Mr. Leroy Sumner reported that letters were sent to former directors and committee members who travelled, but few responses had been received. A hold had been placed on their accounts until the funds were repaid.

- 9.1.1. Ms. Belinda Wilson asked for clarification on the legality of deducting owed amounts directly from the members' accounts.
- 9.1.2. Chairman Mr. Leroy Sumner explained that some members claimed they did not apply for travel but were invited by the Board. He noted the complexity of determining financial responsibility due to some members having withdrawn funds from their accounts.
- 9.1.3. Mrs. Paula Knowles expressed concerns about the Board going against the members' decisions regarding travel and requested information on potential legal actions to recover the funds.
- 9.1.4. Chairman Mr. Leroy Sumner acknowledged the concerns, indicated a commitment to determine liability, and noted previous instances where resolutions were passed for repayment.
- 9.1.5. Mrs. Portia Sands added her view that the excuse of invitation was poor, emphasizing accountability among those who travelled.
- 9.1.6. Mr. Wence Martin suggested that policies should be implemented to prevent similar issues in the future, such as requiring members' equity to match the amount used for travel.
- 9.1.7. Mr. Leroy Sumner, Chairman clarified that no Director has travelled since the current Board took office due to a clear directive. He introduced a recommendation for a new travel policy, stating that a Director or Supervisor can travel only once in a three-year cycle to prevent the abuse of travel privileges.
- 9.1.8. Ms. Belinda Wilson requested the names of individuals who travelled against the AGM's directive.
- 9.1.9. Chairman Mr. Leroy Sumner provided the names and amounts expensed for each.
- 9.1.10. Mrs. Belinda Wilson inquired whether the Board would retrieve the funds and if legal action would be initiated if necessary.
- 9.1.11. Chairman Mr. Leroy Sumner confirmed that the Board is committed to pursuing collection of the funds and to update at the next AGM.

### 9.2. Update on Communication with the Central Bank:

- 9.2.1. Treasurer Ms. Theresa Deleveaux reported on the investigation following a meeting with the Central Bank, which resulted in a resolution of grievances without needing arbitration. Minor issues remained and were expected to be resolved by the next Board meeting.
- 9.3. **Discussion on the Sale of the TREHL Building:**

- 9.3.1. Mrs. Belinda Wilson questioned details regarding the sale and requested full disclosure of the purchasers' identities.
- 9.3.2. Chairman Mr. Leroy Sumner explained the complexity of determining the actual beneficial owners of corporate purchasers due to potential confidentiality.
- 9.3.3. Mrs. Belinda Wilson criticized the Board's handling of the sale and the need for clarity on the purchaser's identity.
- 9.3.4. Chairman Mr. Leroy Sumner acknowledged concerns and referred to the better understanding of procedural protocols but insisted on the limits of disclosure.
- 9.3.5. General Manager Mr. Byron Miller provided details including who the purchaser of the TREHL Building was advising, the identification of which required careful legal documentation.
- 9.3.6. Mr. Wence Martin urged the necessity of knowing the beneficial owners and insisted that this information should have been disclosed prior to the sale.
- 9.3.7. Mr. Edward Cooper reiterated that the shareholders of the purchasing company should be disclosed to ensure due diligence.
- 9.3.8. Mrs. Belinda Wilson moved a motion that all documentation pertaining to the sale of the TREHL Building be tabled at the next AGM.
- 9.3.9. Ms. Thompson-Williams: Seconded the motion.
- 9.3.10. Chairman Mr. Leroy Sumner confirmed that the documentation would be provided and called for a vote. The motion was carried unanimously.

### 9.4. Discussion on Loan Approvals and Collateral:

- 9.4.1. Mrs. Belinda Wilson raised concerns regarding loans made to sitting Directors or retirees without collateral, emphasizing the excessive amounts involved. She requested a list of individuals who received such loans to ensure compliance with The Bahamas Cooperative Credit Union Regulations, 2015.
- 9.4.2. Chairman Mr. Leroy Sumner acknowledged the request but cautioned about the potential litigation risks of disclosing private information. He stated that all loans had been granted properly and were being serviced accordingly.
- 9.4.3. Mrs. Belinda Wilson questioned the possibility of securing loans without collateral, suggesting it should not occur. She cautioned the need for transparency and asked for confirmation if loans were approved per the law.

### 9.5. **High Staff Turnover Investigation:**

- 9.5.1. Mrs. Belinda Wilson inquired about the investigation into high staff turnover rates.
- 9.5.2. Secretary Mrs. Sharon Rahming confirmed that a comprehensive investigation was being conducted. She reported that 89% of staff left for better opportunities, primarily due to compensation, and that only one termination and one resignation occurred in 2024. She noted that an employee task force was created to improve communication and introduced initiatives like employee recognition programs and voice surveys.

### 9.6. Teller Shortage:

- 9.6.1. Mrs. Belinda Wilson stated the need for more tellers during peak periods and proposed a senior citizen line.
- 9.6.2. Secretary Mrs. Sharon Rahming confirmed new teller hires were effective in October and November 2023, with all branches now fully staffed and the senior citizen line operational.

### 9.7. IT Server Collapse Investigation:

- 9.7.1. Mrs. Belinda Wilson asked about the full investigation into the IT server crash.
- 9.7.2. Secretary Mrs. Sharon Rahming provided information on the incident, attributing it to an air-conditioning failure after a power surge on August 5, 2023. She noted that the installation of backup systems and a physical disaster site was being developed.
- 9.7.3. Chairman Mr. Leroy Sumner added that a complaint was lodged with Bahamas Power and Light (BPL) regarding the power dip's role in the incident and that the Board is seeking compensation.

### 9.8. Member Concerns and Suggestions:

- 9.8.1. Mr. Ashley Clarke raised concerns regarding long lines experienced during peak times and suggested that the Board should create a plan to manage such situations efficiently in anticipation of future events.
- 9.8.2. Chairman Mr. Leroy Sumner assured that a plan is in place for managing potential future incidents to minimize member's distress.

### 9.9. **Nominations Criteria:**

- 9.9.1. Mrs. Belinda Wilson asked if the Board had reviewed the report from the ad hoc committee regarding the Nominations Criteria.
- 9.9.2. The criteria for nominations were outlined, emphasizing the importance of members being in good standing, having the

- necessary qualifications and experience, and meeting the fit and proper requirements as per the Bahamas Cooperative Credit Unions Act, 2015.
- 9.9.3. Specific qualifications included being a member of the Credit Union, having experience in finance, business administration, commerce, or law, and not having any criminal record or being an undischarged bankrupt.
- 9.9.4. The motion to accept the Nomination Criteria was moved by Mrs. Belinda Wilson, seconded by Mrs. Sophia Williams and it was carried.
- 9.10. The minutes of the previous meetings were accepted with motions moved by Ms. Pamela Hall, seconded by Ms. Jill Saunders, and was carried.

### 10. BOARD OF DIRECTORS REPORT PRESENTATION

The Board of Directors Report was presented by Chairman Mr. Leroy Sumner, highlighted as follows:

### 10.1. Financial Performance:

10.1.1. The Credit Union continues to focus on community support through charitable donations and reported positive member engagement. The loans team approved \$18 million in loans, catering to members' financial needs, particularly in collaboration with a Small Business Centre to assist with homeownership and entrepreneurship.

### 10.2. Community Engagement and Growth:

10.2.1. Emphasis on giving back to the community through donations and support for local charities.

### 10.3. Small Business Centre:

10.3.1. Collaboration with the Mortgage Department to cater to the diverse needs of members, providing financial solutions for homeownership and entrepreneurship.

### 10.4. Challenges Ahead:

10.4.1. A significant focus remains on managing delinquency, with \$13,166,825 in delinquent loans reported. The board emphasized proactive measures to collect outstanding debts. The Credit Union's institutional capital ratio and statutory reserves are below required standards, stressing the need for improvement.

### 10.5. **Membership Appreciation:**

10.5.1. The report concluded with appreciation for the membership, who are essential to the Credit Union's success. Emphasis was

placed on working together to enhance services and products for long-term sustainability.

10.6. Mr. Philip Johnson made a motion to accept the Board Report. The motion was seconded by Mrs. Paula Knowles, and was carried.

### 11. TREASURER REPORT:

Treasurer Ms. Theresa Deleveaux presented the Financial Report for the year ending December 31, 2023, with key highlights as follows:

- 11.1. Overall Financial Performance: Total assets stood at \$211,297,027, reflecting a decrease of \$2,175,466 (or 1.02%) from \$213,472,493 in 2022. Total liabilities were recorded at \$186,187,092, a decrease of \$2,810,618 (or 1.49%) compared to the previous year. Equity increased to \$25,109,935, an improvement of \$635,152 (or 2.6%) from \$24,474,783 in 2022.
- 11.2. **Income and Expenses**: Total income for the year was \$12,613,663. Total expenses accounted for \$12,296,534, resulting in a net profit of \$317,129 for the year. The total comprehensive income, which includes equity variations, was reported at \$565,902.
- 11.3. Loan Performance: A total of \$18 million in loans was approved during the year, reflecting the efforts of the loans team to address member needs. However, a major challenge was reported regarding delinquent loans, amounting to \$13,166,825. The Credit Union held security of \$10,777,793 against these delinquent loans, resulting in an exposure of \$2,000,389. Provisioning for expected credit losses (ECL) was necessary, amounting to approximately \$939,706 under the new IFRS standards.
- 11.4. <u>Delinquency Rates</u>: The delinquent loans to total loans ratio was recorded at 9.77%, significantly above the required PEARLS standard of 5%. Loans written off totalled \$984,844, while recoveries amounted to \$766,399.
- 11.5. <u>Reserves and Ratios</u>: The statutory reserve deposits exceeded the required 10% threshold, standing at 10.72%. Liquidity reserves were also above requirements at 11.62%. The institution reported an institutional capital ratio of 1.47%, below the mandated 10%, indicating a need for careful management and growth of retained earnings.
- 11.6. Operational Challenges and Future Outlook: Ms. Theresa Deleveaux underscored the necessity of addressing the delinquency issue proactively and emphasized the importance of strengthening the loan portfolio, which is vital for the Credit Union's profitability. Measures have been initiated to collect delinquent loans more effectively, including potential legal actions and engagement with collections agencies.
- 11.7. <u>Commitment to Improvement</u>: The Treasurer concluded by expressing the need for commitment from the Board and members in promoting the Credit Union's services and improving the overall financial health of the institution.
- 11.8. Ms. Theresa Deleveaux, Treasurer opened the floor for questions regarding the report.

- 11.9. Mrs. Paula Knowles commended Ms. Theresa Deleveaux for the informative report and the professionally prepared booklet.
- 11.10. Mrs. Paula Knowles expressed concern over the net losses in Nassau, Grand Bahama, and Abaco. She inquired about the causes of such significant losses.
  - 11.10.1. Ms. Theresa Deleveaux explained that the losses are tied to investment property and current economic conditions. She stated that a meeting with the Ministry of Finance indicated they would pay outstanding rents collectible.
- 11.11. Mrs. Paula Knowles asked about the criteria for writing off loans.
  - 11.11.1. Ms. Theresa Deleveaux clarified that any loan overdue by 365 days is deemed uncollectable but continues to be pursued.
- 11.12. Mrs. Paula Knowles requested further explanation regarding the involvement of real estate companies in foreclosures.
  - 11.12.1. Ms. Theresa Deleveaux explained that the foreclosure processes are necessary for delinquent mortgages and that real estate companies are utilized to sell these properties.
- 11.13. Mr. Clifford Scavella questioned the discontinuation of loan services for senior citizens.
  - 11.13.1. Ms. Theresa Deleveaux responded that services for senior citizens are still available but stipulated that certain conditions apply, specifically related to pensions.
- 11.14. Mr. Hilton McIntosh advocated for a more accommodating stance towards senior citizens seeking loans.
- 11.15. Mrs. Belinda Wilson inquired about the status of the Grand Bahama and Abaco properties and asked if there were plans for potential sales.
  - 11.15.1. Ms. Theresa Deleveaux confirmed no immediate plans to sell both properties but noted prior discussions had taken place regarding Grand Bahama.
- 11.16. Mrs. Belinda Wilson asked when the Credit Union would pursue the Government for outstanding rent.
  - 11.16.1. Ms. Theresa Deleveaux indicated that efforts had already begun to recover the outstanding amount.
- 11.17. Mrs. Belinda Wilson queried fees paid to collection agencies and their success rate.
  - 11.17.1. Ms. Theresa Deleveaux provided details about the percentagebased fee structure of the collection agency and affirmed improved collection rates over the previous year.
- 11.18. Mrs. Belinda Wilson suggested allocating in the budget for members' training in the upcoming year.

- 11.18.1. Ms. Theresa Deleveaux confirmed that budget considerations for members' training were included.
- 11.19. Mr. Hilton McIntosh suggested the introduction of scholarship provisions for members' offspring.
  - 11.19.1. Ms. Theresa Deleveaux stated that scholarships are administered through the Bahamas Cooperative League, and the organization also supports various community initiatives.
- 11.20. Mr. Ashley Clarke congratulated the Treasurer on her efforts in improving training provisions.
- 11.21. Mr. Philip Johnson expressed concern regarding changes to insurance payments after retirement and proposed the Credit Union consider options to assist members with insurance.
  - 11.21.1. Chairman Mr. Leroy Sumner acknowledged the importance of insurance and suggested there may be future opportunities to revive it with better management.
- 11.22. The motion to accept the Treasurer's Report was moved by Mrs. Paula Knowles, seconded by Mrs. Sophia Williams, and was carried.

### 12. AUDITED FINANCIAL STATEMENTS:

Ms. Noreen Campbell, Auditor, issued a clean opinion on the financial statements, indicating that they present fairly, in all material respects, the financial position of TSWCCUL as of December 31, 2023. See report for full details.

- 12.1. The financial statements included the statement of financial position, statement of comprehensive income, statement of changes in members' equity, and statement of cash flows for the year ended December 31, 2023.
- 12.2. The audit was conducted in accordance with International Standards on Auditing. The auditors were independent of the Credit Union and fulfilled their ethical responsibilities.
- 12.3. The auditors reviewed other information in the AGM booklet to ensure it was consistent with the financial statements.
- 12.4. Ms. Noreen Campbell acknowledged an error in the AGM booklet where the wrong audit report was inserted. She took full responsibility for the mistake and apologized to the members.
- 12.5. Overall, the audited financial statements were presented with a clean opinion, and the auditors ensured that the financial information was accurate and in compliance with International Financial Reporting Standards (IFRS). If you need more specific details or have any other questions, please let me know!
- 12.6. Ms. Gloria Gilbert requested advance access to financial statements to allow for informed discussions during the meeting.

- 12.6.1. Ms. Theresa Deleveaux confirmed that the financial statements were emailed weeks in advance.
- 12.6.2. Mr. Elbert Thompson recommended that members verify their email address at the Credit Union.
- 12.7. Mr. Melbourne Cunningham highlighted the need for member-education regarding IFRS 9 and provisioning for expected credit losses.
- 12.8. Ms. Noreen Campbell explained the distinction between the previous loss provisioning method and the current standards under IFRS 9, emphasizing the importance of adjusting expectations based on expected credit losses.
- 12.9. Motion to accept the Auditors' Report was moved by Mrs. Belinda Wilson, seconded by Mr. McDonald Rolle, and was carried.

### 13. SUPERVISORY COMMITTEE REPORT

Ms. Sherene Saunders Supervisory Committee Chairman presented the Supervisory Committee Report. She introduced herself and the committee members, provided highlights of their achievements, compliance status, and discussed auditor resources. See report for full details. Key Points presented are as follows:

### 13.1. Charter Ratification:

- 13.1.1. The Supervisory Committee Charter was ratified by the Chairman of the Board on February 9th, 2024.
- 13.1.2. The charter aligns with The Bahamas Cooperative Credit Union Act, 2015, and the Central Bank's Supervisory and Regulatory Guidance, 2022.

### 13.2. **Compliance**:

- 13.2.1. The Credit Union met all regulatory reporting guidelines to the Central Bank.
- 13.2.2. No fines, penalties, or sanctions were levied against TSWCCUL for the year.

### 13.3. IT Data Centre Failure Discussion:

- 13.3.1. The failure was due to an air-conditioning unit overheating during a public holiday weekend.
- 13.3.2. Remedial actions included installing backup AC systems and digital thermostats.
- 13.3.3. The need for a Business Continuity Plan (BCP) was emphasized.
- 13.3.4. Ms. Sherene Saunders explained the reasons for the IT Data Centre failure and outlined steps taken to correct issues related to AC overheating and the need for a Business Continuity Plan (BCP).
- 13.3.5. Suggestions for BCP Testing & Forensic Investigation:

- 13.3.6. Mrs. Paula Knowles emphasized the necessity for all staff to remain vigilant and flexible regarding job responsibilities during emergencies.
- 13.3.7. Ms. Sharene Saunders acknowledged the need for vigorous testing of the BCP moving forward.
- 13.4. Mrs. Belinda Wilson moved to implement the BCP plan and expedite testing. The motion was seconded by Mrs. Paula Knowles, and was carried.
- 13.5. Mrs. Belinda Wilson moved a motion for the Supervisory Committee to conduct a forensic investigation into misappropriations and to report the findings at the next AGM. The motion was seconded by Mrs. Paula Knowles, and was carried.

### 13.6. KYC Requirements Discussion:

- 13.6.1. Mr. Cecil Ferguson raised concerns regarding compliance with Know Your Customer (KYC) requirements and the necessity for strict adherence.
- 13.6.2. Ms. Sherene Saunders outlined safety protocols regarding account openings, including daily checks, monthly reviews, and annual quality assurance reviews.
- 13.6.3. Mr. Edward Cooper emphasized the importance of ongoing training for any person opening an account and ensuring that accounts not flagged are brought directly to compliance.

### 13.7. **Discussion on Audit Plan:**

- 13.7.1. Branch reviews for Nassau, Abaco, and Freeport were conducted and deemed satisfactory.
- 13.7.2. Challenges included resource constraints in the Internal Audit function.
- 13.7.3. An additional Audit Supervisor was hired, and another Internal Audit member was to be added.
- 13.7.4. Mr. Edward Cooper highlighted the need for monthly reviews of high-risk clients and the importance of addressing unattended high-risk matters.
- 13.7.5. Ms. Sherene Saunders clarified that the Internal Audit is looking at the approved audit plan and recommended outsourcing some of the audit reviews due to resource constraints.
- 13.8. Mr. Clifford Scavella inquired about the eligibility of a person elected to the Board from a Credit Committee.
  - 13.8.1. Ms. Sherene Saunders confirmed that the Nominations Committee determines fit and proper guidelines for those being elected.

13.9. Mr. McDonald Rolle commended the Supervisory Committee for a job well done and noted areas of concern that were visited.

### 14. BUDGET DISCUSSION:

- 14.1. Ms. Theresa Deleveaux, Treasurer, presented the budget and noted changes to some figures highlighted in red.
- 14.2. Mrs. Belinda Wilson proposed amending the budget to include the Forensic Audit and BCP.
- 14.3. The motion to accept the Budget was moved by Mrs. Belinda Wilson, seconded by Mrs. Paula Knowles, and was carried with the following conditions:
  - 14.3.1. Amended to include a line item for the Forensic Audit and the Business Continuity Plan (BCP) testing. The Board of Directors was given the scope to negotiate with the hired professionals.

### 15. NHI PROPERTY SALE RESOLUTION:

- 15.1. **Resolution**: "Be It Resolved that the Board of Directors be authorized to proceed with the sale of the NHI building located on Tonique Williams-Darling Highway, subject to the approval of the Annual General Meeting and the negotiation of the best possible sale price."
  - 15.1.1. The motion to accept the resolution was moved by Mrs. Belinda Wilson, seconded by Mrs. Sophia Williams and was carried.

### 16. RESOLUTION 1: INTEREST PAYMENT

- 16.1. **Resolution**: "WHEREAS the audited accounts for 2023 indicate that there are sufficient funds to provide a cash interest to shareholders of the Teachers and Salaried Workers Co-operative Credit Union Limited, and WHEREAS the Directors have determined that after the payment of such interest the Company will be able to meet all of its continuing obligations and provide adequate funds for reinvestment in the business; BE IT RESOLVED that this Annual General Meeting approves payment of Two Percent (2%) Interest on Equity Shares; One & Quarter Percent (1.25%) Interest on Regular Share (RS) Deposits; One Percent (1.00%) Interest on Loans/Mortgage Security (MG); 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 Share (Savings) Deposit (SD)."
  - 16.1.1. Motion was carried.

### 17. RESOLUTION 2: APPOINTMENT OF AUDITORS

- 17.1. **Resolution**: "BE IT RESOLVED that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2024."
  - 17.1.1. Motion was carried.
- 18. RESOLUTION 3: REMUNERATIONS

18.1. Resolution 3, Remunerations were replaced by resolution 6.

### 19. RESOLUTION 4: ANNUAL CONCLAVE

- 19.1. **Resolution**: "BE IT RESOLVED that an annual conclave be held with all Committees and the Board, for the Board Chairman to share the overall Strategic plan and vision for TSWCCUL and what each Committee's role is in helping to fulfil this plan and vision for the upcoming year. Thereby fostering camaraderie amongst Committee Members and the Board."
  - 19.1.1. **Motion was carried.**

#### 20. RESOLUTION 5: BOARD ASSESSMENT

- 20.1. **Resolution**: "BE IT RESOLVED that there be an Annual Assessment of the Board and its effectiveness by an independent third party. The effectiveness of the Board directly correlates with the successful achievement of the strategic and operational objectives of the credit union."
  - 20.1.1. Resolution was withdrawn and replaced with a commitment to provide a corporate governance document at the next AGM.

### 21. RESOLUTION 6: REMUNERATIONS

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

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

### Part (i) DIRECTORS

That the remuneration (stipend) for Directors be fixed and ratified at Six Hundred, and Fifty dollars (\$650.00) each per month, in arrears, until the next annual general meeting in 2025.

### Part (ii) SUPERVISORY AND CREDIT COMMITTEE MEMBERS

The remuneration for Supervisory Committee and Credit Committee members be fixed and ratified at Three Hundred

and Fifty Dollars (\$350.00) each per month, in arrears until the next annual general meeting in 2025.

21.1.1. Motion was passed by the majority vote with 19 members voting against the resolution.

### 22. NOMINATION COMMITTEE REPORT:

- 22.1. Ms. Judy Hamilton, Chairperson of the Nomination Committee, presented the Nominations Committee Report. She introduced the Nomination Committee and presented the report on applicants for Board vacancies.
- 22.2. Mr. Ashley Clarke, Secretary of the Nominations Committee, presented details about the vetting process and the applicants for the positions.

- 22.3. General Discussion on Board Conduct:
  - 22.3.1. Mrs. Portia Sands raised concerns about the Board's lack of action during critical regulatory instructions from the Central Bank.
  - 22.3.2. Chairman Mr. Leroy Sumner emphasized the importance of informed decisions during the nomination process.

### 23. VOTING PROCESS:

23.1. Mr. Ashley Clarke, Secretary of the Nominations Committee, explained the procedure for casting ballots and named the list of nominated applicants as follows:

### **Board of Directors:**

- Italia Seymour
- Henry Campbell
- Natasha Cooper
- H. Don King
- Latoya Johnson
- RoyAnne Neely-Morrison
- Trai L. Curtis

### **Supervisory Committee:**

- Edward Cooper
- Sophia Williams
- Wence Martin

### **Credit Committee:**

- Mizpah Strapp
- Eleanor Rolle
- Bricemae Gibson
- 23.2. Each nominee was given an opportunity to address the membership.

### **Voting Results:**

Ms. Judy Hamilton Chairman of the Nominations Committee announced the official results as follows:

- 23.3. **Board Members Elected**: Natasha Cooper, H. Don King, RoyAnne Neely-Morrison.
- 23.4. **Supervisory Committee Elected**: Sophia Williams.
- 23.5. Credit Committee Elected: Eleanor Rolle.

23.6. Mr. Ashley Clarke moved that all counted ballots be destroyed. The motion was carried unanimously.

### **24. MEETING ADJOURNMENT:**

Motion to adjourn the meeting was moved by Mrs. Belinda Wilson, seconded by Mrs. Italia Seymour, and was carried unanimously.

Leroy M. Sumner Chairman Sharon D. Rahming

Secretary

### **47TH AGM ATTENDANCE REGISTER**

Adderley, Indira

Adderley-Sands, Portia

Allen, Beverley Allen, Donald

Anthony, Price

Bain, Candice A.

Bain, Cardinal R.

Bain, Nathalie L.

Baker, Jamal A.

Barnett, Merrell E.

Barnett, Thelma Rosetta

Bastian, Cynthia

Bastian, Sharell

Beneby, Zerlean A.

Bethel, Craiq

Bethel. Sharad A.

Blair, Judith

Bowe. Sherma L.

Brennen-Williams, Samantha

Brice. Trevor

Brown, Sherika S.

Brown-Gilbert, Gloria

Bullard-Newman, Sharon

Burrows, Annva

Burrows, Barbara

Burrows, G. Camille

Burrows, Herbert

Burrows, Leason

Burrows, Marilyn

Burrows-Rolle, Deloris

Burrows-Rolle, Indira

Butler, Kristen M.

Butler, Rosemary

Butler, Wesley

Campbell, Doreth

Cash. Linda

Chambers-Thompson, Annette

Charlton, Nicole

Chase, Hugh

Clarke, Antoinette

Clarke, Ashlev

Clarke, Ciann

Clarke, Courtney

Clarke, Sandra

Coakley-Turnguest, Ruthmae

Colebrook, Joy M.

Colebrook, Lolita E.

Colebrook, Samantha

Collie, Gretal I.

Collie, Vernal

Cooper, Edward C.

Cooper, Nadia

Corneille, McAlex

Culmer, Sonia D.

Cunningham, Welbourne

Dalev. Mario A.

Darville, Donna

Davis, Jamison

Deleveaux, Andrea

Deleveaux, Theresa

Demeritte, Ramona Deveaux-Miller, LeAnna

Douglas, Jacqueline

Douglas, Stephen

Elliott-Cooper, Natasha C.

Ferguson, Cecil Caleb

Ferguson, Christopher O.

Ferguson, Elaine

Ferguson, Margaret L.

Ferguson, Sheila

Ferguson-Williams, Nicola

Forbes, Alivia O.

Forbes, Alton K.

Forbes, Clarise

Forbes, Felicia

Forbes-Rolle, Eleanor

Gardiner, Shernell

Gibson, Bricemae

Gibson, Joanne C.

Gilbert, Natasha

Grant-McKenzie. Vienna

Green. Christine Green. Kristelle

Hall, Pamela

Hamilton, Judy

Harris, Ronald

Hogg, Bridget S. Hunt. Annishka

Hutchinson, Lynette

Jenoure, Jacqueline J.

Jenoure, Maria L.

Joffre, Marjorie

Joffre, Shantell

Johnson, Allvandria D.

Johnson, Ann M.

Johnson, Janice V.

Johnson, Latoya

Johnson, Philip A.

Johnson-Wilson, Belinda

Jones, Pamela

Kelly, Daisy

King, H. Don

Knowles, Paula D.

Knowles-Atkins, Jasmine

Lewis, Cameron A.

Lewis-Bethel, Sandra P.

Lightbourne, Bruann J.

Lightbourne, Elva D.

Llovd. Lillian P.

Marche, Hadassah

Martin, Wence

McGregor, Paula M.

McIntosh, Hilton E.

Miller, Byron

Miller, Carilisa O.

Miller, Elshanti

Miller-Brown, Patricia

Minnis, Carol

Minnis, Katie

Minnis, Randolph

Moncur, Leah E.

Moore, Lynette

Mortimer, Theresa

Moxey, Corene

Moxey, Jason C. O.

Neelv. Aaron Neely-Morrison, RoyAnne

Nesbitt. Michelle L.

Newbold, Ruby A.

Newton, Mabel E.

Nicholl, Marloni A.

Nicolls. Rose Marie

O'Brien, Teresita

Oliver, Berrynetta

Outten, Lauretta L.

Percentie. Tonia

Pinder, Shonell

Pratt. Eula Rahming, Sharon

Reckley, Barbara M.

Rhodriquez, Maria M.

Roberts-Pennerman, Margo

Rolle, Hartley

Rolle, McDonald

Rolle, Michaela Anita

Rolle, Shennan

Rolle, Sherla

Rolle-Ingraham, Portia

Sands, Sheilamae

Saunders, Jill

Saunders, Sherene

Scavella, Clifford

Sears. Gloria E.

Seymour, Italia

Seymour, Keith

Simeon, Rosalie

Smith. Berlev

Smith, Maud D. Stevenson, Sherry E.

Strachan, Crystal

Strachan, Omara

Stuart, Charlene Stubbs, Raquel

Stubbs-Burrows, Annabelle

Sumner, Leroy

Sweeting-Rahming, Yvonne

Symonette, Sharon

Taylor, Lorrine

Taylor, Lynda

Taylor-Rahming, Christina

Thompson, Elbert

Thompson, Eloise R. Treco. Kenreece

Turnquest, Robert B.

Turnquest, Willamae

Wallace, Jeslyn A. Ward, Gordon

Ward, Juliette

Wells, Agatha M.

Whymns, Jacqueline

Williams, Denise

Williams, Dollymae Williams, Genesta R.

Williams, Johnathan P.

Williams, Lennox A.

Williams, Shena M. Williams, Sophia



**LEROY SUMNER**Board Chairman

### **BOARD OF DIRECTORS REPORT**

Fiscal Year 2024

e are pleased to present the Board of Directors
Report for the Teachers & Salaried Workers Cooperative Credit Union Limited for the Financial
Year 2024. The year was marked by stability and
steady progress, highlighted by increased membership and
strong loan performance, despite challenges.

### MEMBERSHIP GROWTH

- ✓ Added 1,400 new members, reflecting strong community trust.
- ✓ Onboarded 1,148 new members, with 60% aged 19-40, demonstrating our commitment to younger demographics.

### LOAN PERFORMANCE

- ✓ Met the financial needs of 1,188 members with loans totalling approximately \$21.68 Million.
- ✓ Achieved an improved average Debt Service Ratio of 36.28%.
- ✓ Granted 142 skip payments to assist members facing financial challenges.
- ✓ Over 30 members secured financing for real estate and homeownership.
- ✓ Loan sales pipeline remained robust at \$3.2 Million; approved mortgages totalled \$5.24 Million, with \$2.3 Million drawn.

### FINANCIAL CHALLENGES

- ✓ Reported a loan delinquency rate of 12.44%.
- ✓ Collections Department achieved approximately \$578,000 in recoveries.
- ✓ Expressed disappointment regarding increasing non-repayment of loans.

### **KEY ACHIEVEMENTS IN FY2024**

- ✓ Memorandum of Understanding with The Bahamas Union of Teachers: Secured a \$20 million commitment and sponsored the Mega Home & Auto Show, resulting in \$3 Million in new loan sales.
- ✓ Launch of International Debit Card: Introduced a MasterCard debit card for local and international transactions.

- ✓ Purchase of Smart ATMs: Improved service delivery with 24/7 access for members, including deposits and bill payments.
- ✓ Implementation of Automated Clearing House (ACH): Streamlined cross-entity transactions and fast payments.
- ✓ Investment in New Core Banking System (Universa by Smart Solutions): Included Loan Origination System, Internet Banking, and Mobile Apps.
- ✓ Launch of YouTube Channel: Dedicated to member education and financial literacy.
- ✓ Mobile Banking App Enhancement: Improved transaction history review and loan detail access.

### **EMPLOYEE TRAINING AND DEVELOPMENT**

- ✓ Invested in comprehensive training programs for staff.
- ✓ Enterprise Risk Management (ERM)
- ✓ Risk profile assessed as moderate with proactive mitigation strategies.
- ✓ Strategic Planning (2025-2027)
- ✓ Focuses on enhancing member services, ensuring financial stability, and adapting to the evolving financial landscape.
- ✓ Aims for a 30% increase in total membership over three years.
- ✓ Includes development of new financial products, technology upgrades, and enhanced risk mitigation and compliance.

#### CONCLUSION

FY2024 saw significant strides in strengthening our position and enhancing services, from membership expansion and product launches to digital improvements and recovery strategies. Despite challenges with loan delinquency, proactive measures ensured continued stability. We are committed to enhancing member services, promoting financial stability.

Leroy Sumner, Chairman

Sharon Rahming, Secretary

H. Don King, Asst. Treasurer

Natasha Cooper, Director

Elbert Thompson, Vice Chairman

Theresa Deleveaux, Treasurer

Roy Anne Neely-Morrison, Asst. Secretary



SHERENE SAUNDERS
Committee Chairman

# SUPERVISORY COMMITTEE REPORT

he Supervisory Committee consists of three (3) 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 the established policies and procedures of the institution, and in compliance with the following Acts and Regulations:

- Bahamas Co-operative Credit Unions Act and Bye-Laws 2015;
- The Supervisory and Regulatory Guidelines: 2022 Internal Audit Issued 6
   December 2022

Additionally, the Supervisory Committee works independently from the Board of Directors and seeks to ensure business practices are uniformed across the various branches, are ethical and appropriate for the benefit of the members.

The Supervisory Committee works 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.

This report to the Annual General Meeting is a summary report.

Prior to the Annual General Meeting held on Jun 1, 2024, nominations were accepted to fill one vacant position on the Supervisory Committee. The individual elected was Mrs. Sophia Thompson-Williams. The Supervisory Committee wishes to welcome Mrs. Sophia Thompson-Williams back to the Supervisory Committee.

The Supervisory Committee Charter though ratified February 5<sup>th</sup>, 2024, and one significant amendment was made to include the requirement that the Management Letter Points resulting from the External Auditors be tabled to the Supervisory Committee in a separate session. Please see amendment below to the Supervisory Charter:

### E. Remedial Actions:

I. External auditors shall meet with the Supervisory Committee on an annual basis, after the completion of the external audit, to discuss the Management Letter Points.

### **AGM 2024 DIRECTIVES:**

1. Forensic Audit – HLB Bahamas Executive Summary Dated November 15<sup>th</sup>, 2024 – See page 101 for the Executive Summary

2. BCP Testing – Vendor – "Preventive Measures" Report Dated March 27, 2025 - See page 104 for the Executive Summary

### CENTRAL BANK OF THE BAHAMAS – REPORT OF EXAMINATION – FEBRUARY 28, 2025

In accordance with Section 88(2) (b) of The Bahamas Co-operative Credit Unions Act, 2015, (the BCCUA), the Central Bank conducted an examination of the Credit Union from 15 October to 1 November 2024. An overview of the key examination findings was discussed at a Closing Meeting with Senior Management of the Credit Union on 5 November 2024.

### **OVERALL ASSESSMENT**

CBOB reviewed the Credit Union's records, compliance mandate, organizational structure, resources, methodologies, and practices, as well as the Board and Senior Management oversight functions as they related to its risk management practices. The table below summarizes CBOB assessment of the key areas examined.

Key Areas of Examination	Current Assessment – November 2024		
Corporate Governance	Needs Improvement		
ML/TF/PF Risk	Needs Improvement		
Credit Risk	Needs Improvement		
	·		
Operational Risk (Incl. IT Risk)	Needs Improvement		
Operational Risk (Incl. Financial Controls)	Needs Improvement		

The table below summarizes the Requirements and Expectations arising from this Examination, and the timeframes in which CBOB expects full and effective resolution.

Materiality	Number	Resolutions Timeframe
Requirements	7	Within 3 – 9 months
Expectations	7	Within 1 – 12 months

During the Compliance and Internal Audit updates, we will go into more detail what is required by the departments under our remit.

### FREEPORT BRANCH INSPECTION

On Monday, March 17, 2024, members of the Supervisory Committee travelled from Nassau to Freeport, Grand Bahama, to conduct an oversight visit of the Freeport Branch. We were accompanied by the Internal Audit Manager, Mrs. Joanne Bowe and a member of her department, and were also joined by members of the Credit Committee. Although the visit was guided by Internal Audit, the Supervisory Committee also undertook several compliance-related reviews. These included checking membership files and applications for the presence of client signatures, verifying that source of funds documentation was included where required, and confirming the completion of risk rating forms. We were also asked to ensure that updated identification was obtained for

all high-risk members. The branch was reminded of the upcoming training sessions with the Compliance Department. In addition to the compliance checks, the Committee observed and reviewed key operational areas in alignment with Internal Audit's scope. These included the following areas:

- 1. cash counts for the vault and teller stations,
- 2. ATM reconciliations.
- 3. Dormant and closed accounts,
- 4. New member files, and
- 5. Staff records.

Although rental agreements are no longer within the branch's operational review, we inquired about outstanding rental arrears (specifically with Environmental Health) and the status of unsigned leases.

Due to time constraints, we were unable to review alarm testing, ATM loading observation, and branch security—items initially planned for review. A constructive meeting was also held with the Branch Manager Mrs. Percentie, during which we discussed her leadership role, branch operations, and any emerging concerns or challenges requiring attention.

We thank the Freeport Branch for their diligent efforts and continued service to our membership under the helm of Branch Manager Mrs. Percentie.

### **COMPLIANCE MATTERS**

The objective of TSWCCUL's Compliance Department is to ensure that the organization has internal controls that adequately measure and manage the risks it faces. Compliance officers provide an in-house service that effectively supports business areas in their duty to comply with relevant laws and regulations and internal procedures:

During the calendar year 2024 the Compliance Department successfully completed the following items

- Compliance Conformance Reviews of the various TSWCCUL branches. The focus
  of the reviews was to evaluate the branches' adherence to the credit union's
  policies and procedures and local requirements. All identified deficiencies were
  documented, discussed by stakeholders, remediated, and tracked through
  closure.
- 2. Reviewed and processed a total of 5,547 Alerts generated by TSWCCUL's Automated Monitoring Tool (SimpliRisk) to detect and ensure that the organization's account facilities were not used for possible money laundering or terrorist financing activities. It is important to note that there were no backlogs, and all Alerts were managed in a timely manner.
- 3. Conducted effective AML online training and education for all staff, Board of Directors and Committee Members.

- 4. Submitted to the Central Bank of The Bahamas the following deliverables in January 2024, ahead of the February 28th, 2024, deadline:
  - o AML Data Return 2023,
  - o Annual Sanctions Declaration 2023,
  - AML Risk Assessment, and
  - Annual Board Certification 2023.
- 5. Processed a total of eighty-two (82) Production Orders/Requests for Information from the Financial Intelligence Unit, Central Bank of The Bahamas, and Royal Bahamas Police Force within 24 48 hours of receipt of same; all were fully responded to in a timely manner.

Note that our alerts and Production Orders increased tremendously in 2024; see below:

	Year 2022	Year 2023	Year 2024	Comparison
Alerts	5,242	5,677	5,547	2.2% decrease
<b>Production Orders</b>	52	55	82	33% increase

We are happy to report that there were no fines, penalties and/or sanctions levied against TSWCCUL for AML or regulatory compliance related infractions in 2024.

### **CHALLENGES**

### 1. Sanctions Screening Tools:

The Central Bank of The Bahamas engaged AML Analytics, Ltd., in July 2024 to conduct an independent review to assess the effectiveness and efficiency of sanctions screening solutions used by its Supervised Financial Institutions (SFIs). A total of sixty-one (61) SFIs participated in the live screening tests; one of which was TSWCCUL. A virtual feedback session was held with TSWCCUL, during which time it was discovered that our transaction screening solution was effective, however; our sanctions screening tool was rated as 'Needs Improvement'.

In addition, the Central Bank gave TSWCCUL by April 30th, 2025, to remediate the technical issues with its Board giving an attestation on same as an industry retesting to evidence improvements were made is planned for the third quarter of 2025.

TSWCCUL's current vendor "**SimpliRisk**' was unable to readily resolve the issues and as a result, the services of LexisNexis, a worldwide provider in AML & Sanctions Screening software was acquired to remediate the deficiency.

TSWCCUL's engaged a new Vendor – "LexisNexis" and efforts are currently underway by LexisNexis to ensure that TSWCCUL has an effective sanctions screening tool before the second testing becomes due by **July 31**st, **2025**.

### 2. CBOB onsite Examination 2024:

Another challenge arose during the period October 15th, 2024, through November 1st, 2024, when the Central Bank of The Bahamas conducted an onsite examination

of TSWCCUL with specific focus placed on the organization's AML/CFT/KYC oversight function. Their findings revealed several KYC related issues and graded our KYC controls as "Needs Improvement".

Below are the proposed remediations sent to Central Bank of The Bahamas to remediate the Credit Union's AML/CFT/KYC function:

- A. AML (Anti-Money Laundering) Risk Assessment.
- B. An independent Anti-Money Laundering (AML/CFT) full scope audit
- C. Sanction Screening Review
- D. Policies and Procedures Review and Updates

### 3. Staffing Resource Challenges:

It is important to note that the challenge highlighted during the 2024 AGM remains the same for 2025, as we still have deficiencies in the KYC requirements during the onboarding of new members; same can be attributed primarily to the constant staff turnover of customer-facing staff. And in this instance, the departing staff included Mr. Nathaniel Taylor, Compliance Analyst, which reduced the Compliance staff complement to two (2) persons (i.e. Compliance Manager and Compliance Clerk).

Having stated the above, Compliance identifies and mitigates the said risk to ensure adherence to obligations by carrying out the following:

- Daily random spot checks of newly opened accounts;
- Drafting and enacting of the KYC Information Collection Policy and subsequent direct training to relevant account opening staff;
- Conducting monthly reviews of all and/or percentage sampling of newly opened accounts as part of the Board pre-ratification exercise; and
- Performing annual account opening quality assurance reviews via Compliance Conformance Reviews.

### **INTERNAL AUDIT MATTERS**

The Internal Audit Department of the Teachers and Salaried Workers Co-operative Credit Union Ltd. primary objectives are to assist the Credit Union in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance processes.

IA reviews for FY2024 included assurance, consultancy, and investigative reviews. FY2024 saw reviews being performed in the following areas:

- Operational
- Investigative
- Process reviews

Reporting of these reviews was to the Board of Directors via the Supervisory Committee, and Senior Management. All Audit activities were performed in accordance with internal policies and procedures, applicable standards, regulatory requirements, local laws, international standard setting bodies, or best practices.

For the 2024 calendar year, the Internal Audit Department:

- 1. Conducted an onsite review of the Freeport Branch for FY2024.
- 2. Provided assistance with the Forensic Audit conducted by HLB Bahamas Ltd.
- 3. Conducted a Credit Risk Review.
- 4. Conducted a review of the Edit Clerk function.

During Q4 of 2024 the Department requested that the Internal Audit Plan be frozen to allow for completion of all outstanding audits to be performed. The Supervisory Committee gave approval for freezing of the Internal Audit Plan.

### 1. NASSAU, FREEPORT & ABACO BRANCHES REVIEW FY2024:

The Freeport Branch Operations review was the first onsite review to be performed. This began during March 2025, and encompassed an examination of the 2024 calendar year.

This Review is at the Draft Report stage. Audit observed that two key areas highlighted during the previous review (FY2023) remain a concern i.e.

- a) Inadequate monitoring of Dormant accounts.
- b) The delay in the ratification of new member accounts.

The Abaco and Nassau Branch reviews will be performed later during the year.

### 2. OVERVIEW OF THE AUDIT PLAN 2024 SUMMARY AND RESULTS:

<u> Audit Plan Summary - 2024</u>					
Audit Plan Summary - 2024	Audit Reviews	Completed	Outstanding	% of Audit Reviews Completed	
Planned Audit Engagements	5	2	3	40%	
Requested Audit Engagements (Special Investigations)	2	2	2	100%	
Total	7				

Due to the lack of Internal Audit Resources only 40% of the scheduled audit reviews were completed. Focus was placed primarily on the completion of the Branch Reviews, unplanned engagements, providing assistance during the Forensic Audit, and other Audit matters.

### A. Planned Audit Reviews performed:

Out of the five (5) scheduled reviews, the following two (2) reviews were completed in 2024.

Credit Risk Management Review

### Edit Clerk Review

### **EDIT CLERK-TRANSACTION REPORTING REVIEW**

This review was performed to determine whether the Teller detailed reports and supporting documents are regularly reviewed to ensure accuracy in posting and approval of transactions processed.

The key issues identified during this review were as follows:

- a. An effective review process may not exist due to the volume of data inputs and the fact that one individual is tasked with reviewing these data inputs.
- b. A documented procedural guideline does not exist to govern this function.
- c. Records retention for data inputs was not adequate.
- d. Monthly summary reports are not being produced.

### B. Planned Audit Reviews Not performed:

The three (3) outstanding audit planned reviews (which are risk rated high), not completed for 2024 were:

- 1. Records Retention
- 2. Vendor Payments and Contract Management, and
- 3. Related Party Relationships

### C. Unplanned Engagements Completed by the Internal Audit Function in 2024

The Unplanned engagements for 2024, which are special investigations, are related to member queries regarding the processing of transactions on their account.

Key Area	Total	%
Loans payment check processing	1	50%
Processing of Certificates of Deposits	1	50%
Total	2	100%

The key issues identified during these reviews were as follows:

- 1. There was a lengthy delay in processing of a member's check regarding loan disbursement.
- 2. Failure to clearly communicate the processing of a term deposit to a member, and lack of retention of internal records.

Additional Audit Checks during 2024 were performed for the following and no material issues were noted during these reviews:

- Surprise Cash & Vault Counts.
- Teller Review (random dates and Tellers selected)

### **CHALLENGES**

### 1. CBOB onsite Examination 2024:

The Central Bank of The Bahamas during its Report of Examination issued February 28, 2025, indicated the following requirements and/or expectations for the Audit Department:

- A. KYC Files Review
- B. Credit Risk Review
- C. Credit File Reviews
- D. Internal Audit Tracking Mechanism
- E. Comprehensive Audit plan to be prepared that incorporate reviews of key functions
- F. Independent Quality Review of the Internal Audit Function

### 2. Staffing Resource Challenges:

Internal Audit continues to be challenged with a lack of resources to meet internal and regulatory requirements. December 2024 saw the departure of the Internal Audit Supervisor.

The Board of Directors has approved the onboarding to two individuals on a contractual basis to provide a temporary solution. We are hoping to have the selected candidates onboarded by mid-year 2025.

Additionally, outsourcing and co-sourcing arrangements are under consideration for the following:

- 1. Development of a TSWCCUL Enterprise-Wide Risk Assessment
- 2. Development of A Risk-based Internal Audit Plan
- 3. A full scope Anti-Money Laundering (AML/CFT/PFT) Audit of the TSWCCUL

### SUPERVISORY COMMITTEE CONCLUSION

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

Committed to serving you!

Your Supervisory Committee,

**Sherene Saunders** 

David Briggs

Sophia Thompson-Williams

Sphial Thomp Williams



VIENNA MCKENZIE
Committee Chairman

### **CREDIT COMMITTEE REPORT**

he year 2024, has presented many challenges for the Credit Union and the world, but we press on to carry out the mandate of the Teacher & Salaried Workers Credit Union (TSWCCUL).

The Credit Committee is currently comprised of four (4) members, three (3) are elected by the members at Annual General meeting of the TSWCCUL and one (1) is appointed by

the Board of Directors.

### **Presently the Credit Committee Members are:**

Vienna Mckenzie – Chairperson Eleanor Rolle – Secretary Theresa Mortimer – Member Theresa Deleveaux – Board Appointed

The newly elected member(s) of the Credit Committed held our first meeting in June 2024, after the AGM elections, in accordance with Section 78 of The Bahamas Cooperative Credit Union Act. The Credit Committee met monthly, except for September, and in some cases two monthly meetings were held. We met with the Managers who provided us with reports, information and statistical data.

#### LOANS MANAGER

- Number of Loan Applications
- Number of Loan applications declined and the reason for the decline
- Number of paid of Loans

### **CREDIT RISK MANAGER**

- Number and category of loans approved
- Security obtained for loans

### **COLLECTIONS MANAGER**

- Number of delinquent Loans
- Delinquent accounts, recovery/restructure, and updates on Court Cases
- Charge of on loans for each quarter

Manager(s) presented written monthly reports and were present to answer queries and explain aspects of their written reports and speak of activities in their various Departments. The Credit Risk Manager provide loan files for New Providence, requested by the Committee for review. Files for Grand Bahama and Abaco were reviewed in the Laserfiche System. Minutes of the meetings were duly recorded by the Secretary.

For the period June 2024 to March 2025 the Committed reviewed a total of (94) ninety-four, files from the various offices which were randomly chosen from the list of approved loans. Files were reviewed and the loans found to be given in accordance with the policy and procedures of the TSWCCUL and found to be satisfactory, any discrepancies were discussed with the various managers and cleared up.

### See breakdown of files reviewed by Branches.

- Nassau 39 files
- Grand Bahama 32 files
- Abaco 23 files

In selecting files for review the Committee selects mortgages as well as staff top up loans which placed them in the high dollar value category, loans with over-the-counter payments, which are mostly cash secured.

The Loans requested were mainly for, medical, home improvement, personal expenses, mortgages, debt consolidation, vehicles etc.

The Table below show a breakdown of loans for the past 3 years

### **BOOKED LOANS**

	2022	2023	2024
Total number of paid off loans	757	756	654
\$ Value of paid of loans	5,101,494.25	5,121,181.30	5,774,003.21
Total number of booked loans	997	1,114	1,188
\$ value of booked loans	21,72,141.87	18,797,507.97	21,683,045.75
Number of declined loans	75	28	56
\$ of declined loans	2,259,883.88	1,234,855.81	1,465,812.77

### Total number of loans are inclusive of consumer loans and mortgages

### **C**OLLECTIONS

The collections Department continues to work with members to restructure delinquent loans and where delinquency persist to use the Supreme and Magistrate Courts to recover the Credit Union funds. Th Department continues to monitor delinquent accounts for possible resolutions in all cases. Watch list, by branches have been established to ensure effective monitoring of each Branch's top 20 largest loan balances, to mitigate delinquency wherever possible.

### Table shows recovery for the past 4 years

2021	\$355,561.83
2022	\$673,346.00
2023	\$766,399.00
2024	\$566,049.00

### Recovery interest for 2022,2023 2024

2022	\$26,146.47
2023	\$113,728.28
2024	\$47,922.00

### **CONCLUSION**

During the month of March 2025, two members of the Credit Committee, was given the opportunity to visit the Grand Bahama office for one day to view the operations of the Branch and review files as well. We wish to thank the members of the Board for that.

As of February 2025, the total loan books for the Teachers and Salaried Workers Cooperative Credit Union were 2,612 with a value of \$97,406,886.17 making it one of the premier Financial Institute in the Commonwealth of the Bahamas

The Credit Committed wishes to thank you, the members for affording each of us an opportunity to serve. We acknowledge the General Manager and staff, in particular The Loans and Collections Managers, the Credit risk manager, IT. Department, Treasurer and Secretary of the Board and other staff members and security personnel for their valuable assistance and co-operation.

The Committee continues to navigate between its obligations to the Regulators, you the members and the mandates laid out in the Credit Committee Charter.

May the Lord continue to bless this Institution and its members as we continue to seek his guidance and wisdom.

Vienna Mckenzie - Chairperson Eleanor Rolle - Secretary Theresa Mortimer - Member

THERESA DELEVEAU

Board Treasurer
FINANCIAL CONDITION

### **TREASURERS REPORT**

t is an honor to present the Treasurer's report for the year ending December 31, 2024. Despite the challenges and inability to achieve the required PEARLS standard of 70-80% (45.48%) for the loan portfolio, which is the greatest income generated and coupled with a high amount of delinquent loans and their expected loan provisioning requirements, resulted in the credit union experiencing a net loss at year end. Despite 2024's performance, your credit remains a viable entity.

As at 31<sup>st</sup> December 2024, Teachers and Salaried Workers Co-operative Credit Union assets totaled \$213,714,528 an increase of \$2,417,501 or (1.14%) compared with 31<sup>st</sup> December 2023 balance of \$211,297,027. Liabilities totaled \$188,316,658 showing an increase of \$2,129,566 or (1.14%) compared with December 2023 balance of \$186,187,092. Equity totaled \$25,397,870, showing an increase of \$287,935 or 1.15% compared with December 2023 balance of

### **OPERATION**

\$25,109,935.

#### **INCOME & EXPENSES:**

For the year under review, the Credit Union's operational profit and loss statement showed total income of \$10,698,193 and total expenses \$11,060,858 resulting with a net loss of \$362,665. Net Loss on Investment Property totaled \$199,036. Other comprehensive income totaled \$393,650 resulting with a Total Comprehensive Income of \$30,985. During 2025 the Board and Management will continue to aggressively follow-up and ensure that loans are granted in accordance with policy, also delinquent loans and rent receivables are followed up and collected in a timely manner. Such activities are critical for keeping 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 31<sup>st</sup> December 2024 totaled \$7,421,676 Expenses totaled \$9,314,040 resulting with a Net Loss totaling \$(1,892,364). Net Profit on Investment Property totaled \$136,014

**Grand Bahama** - Income for the year ending 31<sup>st</sup> December 2024 totaled **\$2,413,748**, Expenses totaled **\$771,702** resulting with a Net Profit totaling **\$1,645,351**. Net Profit on Investment Property totaled **\$71,878**.

**Abaco** - Income for the year ended 31<sup>st</sup> December 2024 totaled \$1,269,697, Expenses totaled \$1,382,099 resulting with a Net Loss of \$112,347. Net Loss on Investment Property totaled \$406,928.

**INVESTMENT PROPERTIES ANALYSIS** 

Property	Income As At Dec. 2024	Expenses	Net Income / (Loss)	Rent Receivable
East Street Office Complex	\$399,130	\$263,116	\$136,014	\$194,285
Freeport Plaza	\$240,505	\$168,627	\$71,878	\$223,537
Abaco Complex	\$374,569	\$781,497	\$(406,928)	\$8,524
Income/loss as at Dec. 31, 2024	\$1,014,204	\$1,213,240	\$(199,036)	\$426,346

As at December 2024, the outstanding rent receivable from current tenants totaled \$426,346 of which \$183,833 is provided for. The Board and Management have 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.

### **HIGHLIGHTED EXPENSES**

	Actual December 2023	Actual December 2024	AGM Approved Budgeted 2025
<b>Board &amp; Committee Development &amp; Travel</b>	\$28,899	\$10,764	\$62,000
Staff Travel, Training & Development	\$33,862	\$53,869	\$56,500
Salaries	\$2,493,418	\$2,537,950	\$2,711,000
Staff Benefits	\$631,691	\$694,955	\$727,000
Members Education	\$0	\$0	\$5,000
Board & Committees Out-of-pocket	\$65,986	\$72,950	\$72,600
<b>Board &amp; Committee Meetings</b>	\$5,320	\$8,992	\$10,000
Annual General Meeting & Anniversary	\$60,594	\$44,113	\$50,000
Loans Provision	\$1,966,258	\$1,412,362	\$3,017,400
Recovery written off Loans	\$766,399	\$556,049	N/A
Investment Property Expense	\$1,249,692	\$1,213,240	\$1,290,000
Advertising & Promotions	\$26,769	\$28,958	\$40,000
Marketing	\$20,965	\$41,109	\$25,000
Donation	\$7,825	\$6,765	\$13,000
Bank charges, broker fees & master cards	\$120,838	\$481,154	\$110,000
Vat and Business License Expenses	\$107,342	\$232,549	\$149,000

### STATUTORY RESERVE DEPOSIT

Statutory Reserve held at the League totaled \$22,981,310 (\$22,651,238) or **10.75**% which is above the required PEARLS ratio standard of 10% of total assets resulting with a favorable overage of \$1,609,857 as at December 31, 2024.

#### LIQUIDITY RESERVE DEPOSIT

Liquidity Reserve held with the League totaled \$21,663,888 (\$21,353,183) or **11.65**% which is above the required PEARLS ratio standard of 10% of total member deposits resulting with a favorable overage of \$3,065,598 as at December 31, 2024.

#### **MEMBER'S EQUITY**

Total Equity stood at \$25,397,870 or **11.88**% of total Assets (\$213,714,528) as at December 31, 2024.

#### **DELINQUENCY**

For the year ending December 31, 2024, **209** loans totaled **\$12,312,023** were delinquent, and security held totaled **\$9,872,544** leaving an exposure of **\$2,439,479**, and as a result a provision of **\$1,068,078** was provided. However, in accordance with the required new IFRS Expected Credit Loss standard, **\$6,000,147** had to be provided for the loan loss provision. Loans over **12** months remain the largest dollar amount category with **59** loans totaling **\$7,261,616** representing **59.0%** of total delinquent loans. Delinquent loans to total loans (**\$90,493,131**) as at 31<sup>st</sup> December 2024 stood at **12.46%**, which is above the required PEARLS standard of **5%**. Loans written off during the period totaled **\$866,173** and recoveries of these bad debt totaled **\$566,049** which is slightly below **5%** of total delinquent loans.

The Board will continue to monitor collection efforts to ensure that they are in accordance with policies and that delinquent loans are followed up timely manner, delinquent loans 365 days and over and deemed uncollectable in accordance with International Accounting Standards Management are outsourced to a collections agency and the Board is kept updated. The Board also mandated foreclosures of delinquent properties, through Real Estate Companies, placement of advertisements in newspapers and through the courts to ensure recovery of the credit union's assets that belong to you as owners.

#### **PEARLS RATIO ANALYSIS**

As at December 31, 2024, all but five (5) of Credit Union's PEARLS ratios were below the required accounting standard. During 2025, every effort will be made by the Board and Management to seek ways to bring deficiencies into compliance namely loans, delinquency and financial and non-financial investments. If these deficiencies are not adequately addressed the Credit Union's bottom line will be affected. Therefore, I wish to again remind that as owners if we 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 **45.48**% to **70-80**%. This will not only bring the loans ratio in compliance with the required PEARLS standard but will also increase the Credit Union's bottom line.

#### TEACHERS & SALARIED WORKERS PEARLS RATIOS

- Solvency 112.99 (>=111%)\*
- Net Loans 42.34% (70-80%)\*
- Financial Investment 13% (<2%)\*</li>
- Non-financial Investments 7.95% (0%)\*
- Savings Deposits 87.02% (70-80%)\*
- Institutional Capital 1.28% (>=10%)\*
- Delinquency 2.51% (<=5%)\*</li>
- Non-earning Assets 7.82% (<=5%)\*</li>

- Operating Expense Ratio 3.94% (=<5%)\*</li>
- Net Income/Avg. Assets -0.17% (10%)\*
- Operating Liquidity Ratio 12.79% (15%-20%)\*
- Statutory Reserves Deposit 10.75% (> 10%)\*
- Liquidity Reserves Deposit 11.65% (10%)\*
- Statutory Reserves 7.49% (> 10%)\*\*
- Capital Ratio 11.37% (>10%)\*

N/B. Ratios in red require correction/ improvement to become compliant. \*\*Statutory Reserves listed under Equity was manually calculated in accordance with Section 65(2)(b) of the Bahamas Cooperative Credit Union Act 2015.

#### **CONCLUSION**

Although the credit union made a loss during 2024, we must strive to make it our priority to create a more profitable bottom line by obtaining new and younger members, prudent and diligent loans lending, timely follow-up and collection of delinquent loans. Also, to achieve an increase in interest on shares from 1.25% to 2%, we must ensure that we offer the best products and services that will assist the members to become financially sound.

As we go forward in 2025, let us not only be recognized as the largest but rather the one with a difference that provides the best quality products and services to its membership. To ensure continued growth, we must always remember that this organization belongs to us. As owners we must demand quality services, be committed and continue to use and market the products and services.

On behalf of the Board, our profound thanks to the Supervisory, Credit Committees, Management, and Staff, for continued cooperation and support rendered to ensure the safety of member's investments.

Lastly, as Treasurer, I wish to convey sincerest appreciation and gratitude to you, the membership, for the confidence and affording me the opportunity to serve in this position on your behalf and pledge to continually ensure that first and foremost, that you the members receive the best returns on your investments, because without you, there would be no credit union.

May God continue to bless each and every one of you. May almighty God continue to bless the Teachers and Salaried Workers Credit Union as we grow from strength and profit.

Theresa D. Deleveaux

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

### Financial Statement of

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

For the year ended December 31, 2024



Financial Statements

For the year ended December 31, 2024

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

#### INDEPENDENT AUDITORS' REPORT

#### To the Members of:

## **Teachers and Salaried Workers Co-operative Credit Union Limited**

#### Opinion

We have audited the financial statements of Teachers and Salaried Workers Co-operative Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2024, 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 material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

#### Other 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.

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### **INDEPENDENT AUDITORS' REPORT** (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

**ECOVIS Bahamas** 

Chartered Accountants Nassau, The Bahamas

Cous Bahamas

April 28, 2025

Statement of Financial Position

As at December 31, 2024 (Expressed in Bahamian dollars)

	Notes	2024	2023
ASSETS			
Cash and cash equivalents	5	\$ 7,183,337	\$ 3,349,164
Time deposits with banks	6	16,445,480	16,916,204
Deposits with the League	7, 22	45,112,611	44,218,510
Loans receivable, net	8, 22	90,493,131	87,471,414
Other assets	9	3,133,104	2,688,882
Investment in the League	10, 22	37,400	36,200
Financial investments	11	27,928,026	31,961,105
Investment properties	12	16,980,242	17,582,076
Property, plant and equipment	13	6,401,197	7,073,472
TOTAL ASSETS		\$ 213,714,528	\$ 211,297,027
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES	44.22	¢ 70.407.279	¢ 76 954 624
LIABILITIES  Members' regular deposits	14, 22 15, 22	\$ 79,427,372	
LIABILITIES  Members' regular deposits  Other deposits	15, 22	106,555,528	106,834,616
LIABILITIES  Members' regular deposits  Other deposits  Other liabilities	W. C 1200000	106,555,528 2,333,758	106,834,616 2,500,852
LIABILITIES  Members' regular deposits  Other deposits  Other liabilities  Total liabilities	15, 22	106,555,528	106,834,616 2,500,852
LIABILITIES  Members' regular deposits  Other deposits  Other liabilities  Total liabilities	15, 22 16	106,555,528 2,333,758	106,834,616 2,500,852 186,187,092
LIABILITIES  Members' regular deposits  Other deposits  Other liabilities  Total liabilities  MEMBERS' EQUITY	15, 22	106,555,528 2,333,758 188,316,658	\$ 76,851,624 106,834,616 2,500,852 186,187,092 5,298,250 16,000,000
LIABILITIES  Members' regular deposits Other deposits Other liabilities  Total liabilities  MEMBERS' EQUITY Members' shares	15, 22 16 17(i), 22	106,555,528 2,333,758 188,316,658 5,555,200	106,834,616 2,500,852 186,187,092 5,298,250 16,000,000
LIABILITIES  Members' regular deposits Other deposits Other liabilities  Total liabilities  MEMBERS' EQUITY Members' shares Statutory reserve	15, 22 16 17(i), 22 17(ii)	106,555,528 2,333,758 188,316,658 5,555,200 16,000,000	106,834,616 2,500,852 186,187,092 5,298,250
LIABILITIES  Members' regular deposits Other deposits Other liabilities  Total liabilities  MEMBERS' EQUITY Members' shares Statutory reserve Fair value reserve	15, 22 16 17(i), 22 17(ii)	106,555,528 2,333,758 188,316,658 5,555,200 16,000,000 1,102,338	106,834,616 2,500,852 186,187,092 5,298,250 16,000,000 708,688

See notes to the financial statements.

These financial statements were approved on behalf of the Board and authorized for issue on April 28, 2025, and signed on its behalf by:

Lerpy Sumner

Chairman

Theresa Deleveaux

**Treasurer** 

Statement of Comprehensive Income

For the year ended December 31, 2024 (Expressed in Bahamian dollars)

	Notes	2024	2023
INTEREST INCOME			
Loans	18, 22	\$8,570,045	\$8,316,019
Investments	18, 22	1,799,427	2,018,880
Total interest income	·	10,369,472	10,334,899
INTEREST EXPENSE			
Members' regular shares and other deposits	18, 22	(1,787,353)	(1,665,437)
Total interest expense	10, 22	(1,787,353)	(1,665,437)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN		(1,707,333)	(1,000,401)
IMPAIRMENT AND RECOVERIES OF BAD DEBTS	18	8,582,119	8,669,462
Provision for loan impairment and expected credit losses	8(ii)	(1,412,362)	(1,966,257)
Recoveries of bad debts	8(ii)	566,049	766,399
NET INTEREST INCOME AFTER PROVISION FOR LOAN	<i>O(11)</i>	000,010	7 00,000
IMPAIRMENT AND RECOVERIES OF BAD DEBTS		7,735,806	7,469,604
		7,733,000	7,403,004
NON-INTEREST INCOME/(LOSS) Other income	19	507 757	E0E 622
Net loss from investment properties	19 20	527,757 (199,036)	585,633 (322,960)
Total non-interest income	20		
		328,721	262,673
NET INTEREST AND OTHER INCOME		8,064,527	7,732,277
OPERATING EXPENSES			
Personnel	21, 22, 24	3,286,774	3,158,971
General business	21	1,601,064	1,083,108
Occupancy	21	1,074,881	994,231
Organizational	21, 22	208,911	229,461
Members' security	21	587,041	632,235
Computer costs	21	1,591,689	1,261,583
Marketing	21	76,832	55,559
Total operating expenses		8,427,192	7,415,148
(LOSS)/PROFIT FOR THE YEAR		(362,665)	317,129
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through			
other comprehensive income	11, 17(iii)	393,650	248,773
TOTAL COMPREHENSIVE INCOME		\$ 30,985	\$ 565,902

See notes to the financial statements.

## TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED Statement of Changes in Members' Equity

For the year ended December 31, 2024 (Expressed in Bahamian dollars)

	Notes	Members' Shares	Statutory Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at December 31, 2022		\$5,229,000	\$ 16,000,000	\$ 459,915	\$2,785,868	\$ 24,474,783
Comprehensive income for the year						
Profit for the year		-	-	-	317,129	317,129
Net change in unrealized gain on financial assets at FVTOCI	17(iii)	_	_	248,773	_	248,773
Total comprehensive income for the year	11(111)		-	248,773	317,129	565,902
Transactions with members						
Net shares issued during the year	17(i)	162,250	-	-	-	162,250
Net shares redeemed during the year		(117,600)	-	-	-	(117,600)
Share reserve		24,600	-	-	-	24,600
Total transactions with members		69,250	-	-	-	69,250
Balance as at December 31, 2023		5,298,250	16,000,000	708,688	3,102,997	25,109,935
Comprehensive income for the year						
Loss for the year		-	-	-	(362,665)	(362,665)
Net change in unrealized gain on financial assets at FVTOCI	17(iii)	-	_	393,650	_	393,650
Total comprehensive income for the year	, ,	-	-	393,650	(362,665)	30,985
Transactions with members						
Net shares issued during the year	17(i)	272,300	-	-	-	272,300
Net shares redeemed during the year		(37,850)	-	-	-	(37,850)
Share reserve		22,500	-	-	-	22,500
Total transactions with members		256,950	-	-	-	256,950
Balance as at December 31, 2024		\$5,555,200	\$16,000,000	\$1,102,338	\$2,740,332	\$ 25,397,870

See notes to the financial statements.

Statement of Cash Flows

For the year ended December 31, 2024 (Expressed in Bahamian dollars)

	Notes	2024	2023
Cash flows from operating activities:			
(Loss)/profit for the year		\$ (362,665)	\$ 317,129
Adjustments for:		, ,	
Depreciation, amortization and impairment loss		1,511,019	1,702,877
Interest income	18	(10,369,472)	(10,334,899)
Dividend income		(85,966)	(294,107)
Interest expense on members' regular shares and deposits	18	1,787,353	1,665,437
Provision for loan impairment and expected credit losses	8(ii)	1,412,362	1,966,257
Increase provision for rent receivable losses		16,893	50,425
Gain on disposal of assets		(3,918)	-
		(6,094,394)	(4,926,881)
Changes in operating assets and liabilities:		,	,
Interest received		8,656,996	9,132,599
Interest paid		(1,867,935)	(1,776,669)
Net (increase)/decrease in loans to members		(3,206,459)	561,308
Increase in other assets		(594,851)	(211,526)
Increase in members' regular deposits		2,575,748	1,582,429
Decrease in other deposits		(279,088)	(4,288,144)
(Decrease)/increase in other liabilities		(86,512)	6,329
Net cash (used in)/provided by operating activities		(896,495)	79,445
Cash flows from investing activities:			
Dividends received		85,966	151,073
Net decrease/(increase) in time deposits with banks	6	470,724	(5,000,000)
(Increase)/decrease in deposits with the League	7	(251,066)	1,500,000
Net disposal of financial investments	11	4,427,433	802,407
Subscriptions of shares in the League	10	(1,200)	(1,300)
Net purchase of property, plant and equipment	13	(242,351)	(178,263)
Purchase of investment properties		(15,788)	-
Net cash provided by/(used in) investing activities		4,473,718	(2,726,083)
Cash flows from financing activities:			
Shares issued during the year		294,800	186,850
Shares redeemed during the year		(37,850)	(117,600)
Net cash provided by financing activities		256,950	69,250
Net increase/(decrease) in cash and cash equivalents		3,834,173	(2,577,388)
			,
Cash and cash equivalents, beginning of year		3,349,164	5,926,552

See notes to the financial statements.

Notes to the Financial Statements

December 31, 2024 (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. MATERIAL ACCOUNTING POLICY INFORMATION

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

- a) **Statement of compliance** The Credit Union's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").
- b) **Basis of preparation** These financial statements have been prepared under the historical cost convention except for certain financial investments which have been measured at fair value.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

c) **Changes in accounting policies and disclosures** – Certain new standards, and amendments to existing standards, have been published by the IASB. The effects on the Credit Union's financial statements are set out below:

#### i) <u>Amended standards effective January 1, 2024</u>

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

- IAS 1, 'Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements Disclosure of Accounting Policies The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. There was no material impact to the Credit Union on adoption of this amendment and Practice Statement.
- Definition of Accounting Estimates Amendments to IAS 8. The amendment to IAS 8 Accounting
  Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish
  changes in accounting policies from changes in accounting estimates. The distinction is
  important, because changes in accounting estimates are applied prospectively to future
  transactions and other future events, whereas changes in accounting policies are generally
  applied retrospectively to past transactions and other past events as well as the current period.
  There was no impact to the Credit Union on adoption of this amendment.

#### ii) New standard issued but not yet effective or adopted

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

• IAS 1, 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-current' (Amendment) (Effective January 1, 2024) – The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its rights to defer settlement of a liability, explain that rights are in existence if covenants are compiled with at the end of the reporting period, and introduce a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

Management anticipates that the application of this amendment may not have a significant impact on the Credit Union's financial statements in future periods.

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.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 3. MATERIAL ACCOUNTING POLICIES (Continued)

### e) Foreign currency translation

#### Functional and presentation currency

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

#### Transactions and balances

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

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

#### Recognition and derecognition

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### 1) Financial instruments (Continued)

#### ii) Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

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

#### iii) Subsequent measurement of financial assets

#### Financial assets at amortized cost

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

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

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

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

#### Financial assets at fair value through other comprehensive income (FVTOCI)

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

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

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

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### iv) Classification and subsequent measurement of financial liabilities

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

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

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

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

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

#### v) Impairment of financial assets

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

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

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

- Stage 1: Performing loans 12-month loss forecast;
- Stage 2: Significantly increased risk and not low risk Lifetime loss forecast; and
- Stage 3: Impaired loans Lifetime loss forecast.

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

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 3. MATERIAL ACCOUNTING POLICIES (Continued)

### 1) Financial instruments (Continued)

### v) Impairment of financial assets (Continued)

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

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

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

#### vi) Derecognition of financial liabilities

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

#### vii) Fair value measurement hierarchy

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

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

The Credit Union's financial assets at FVTPL are classified within Level 1 and 2.

m) **Provisions** – Provisions for restructuring costs and legal claims are recognized when the Credit Union has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 3. MATERIAL 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) 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.

### p) Leases

#### The Credit Union as a lessor

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 3. MATERIAL ACCOUNTING POLICIES (Continued)

p) Leases (Continued)

#### The Credit Union as a lessee

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

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

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

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

q) **Property, plant and equipment** – Property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributed to the acquisition of an item.

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

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

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

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

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 3. MATERIAL ACCOUNTING POLICIES (Continued)

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

#### Qualifying shares

Qualifying shares are shares required to become a member of the Credit Union as described in the Credit Union's Bye-Laws. Each member of the Credit Union is required to own a minimum of 1 qualifying share with a par value of \$50 each. 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.

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

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

y) Interest income and expense recognition (Continued)

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 of financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- z) **Fees and other income** Fees and other income are recognized on the accrual basis. Performance-linked fees or fee components are recognized when the performance criteria are fulfilled.
- aa) **Operating expenses** Operating expenses are recognized on the accrual basis in the statement of comprehensive income.
- bb) League dues and stabilization fees The League has fixed its dues at \$12 annually per member, while stabilization fees are set at \$3 annually per member.
- cc) *Employee benefits* The Credit Union's employees participate in a defined contribution pension plan, administered by an external party. A defined contribution pension plan is a pension plan under which the Credit Union pays fixed contributions into a separate entity.

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

Provision for loan impairment and expected credit losses incurred during the year amounted to \$1,412,362 (2023: \$1,966,257). The carrying values of the Credit Union's loans receivable, net of allowance for loan impairment and expected credit losses as at December 31, 2024 amounted to \$90,493,131 (2023: \$87,521,414).

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

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

Any reduction in the estimated useful lives of property, plant and equipment would increase the Credit Union's recorded operating expenses and decrease the assets.

Net carrying values of property, plant and equipment amounted to \$6,401,197 as at December 31, 2024 (2023: \$7,073,472).

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Interest Rate	2024	2023
Cash at banks			
FirstCaribbean International Bank (Bahamas) Limited	0.05%	\$ 3,760,811	\$ 1,192,580
The Central Bank of The Bahamas - RTGS	0.00%	1,040,790	20,000
Bank of The Bahamas Limited - Current account	0.00%	289,698	237,850
Scotiabank (Bahamas) Limited	0.00%	233,685	199,794
RF Bank & Trust (Bahamas) Limited - Cash account	0.00%	226,524	214,935
Fidelity Bank Bahamas Limited - Settlement accounts	0.00%	28,226	80,010
Fidelity Bank Bahamas Limited - Savings account	0.50%	26,263	26,449
		5,605,997	1,971,618
Teller cash floats, ATM cash, vault holdings and Sand Dollars		1,577,340	1,377,546
		\$ 7,183,337	\$ 3,349,164

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

The credit facilities are fully secured by time deposits (see Note 6).

### 6. TIME DEPOSITS WITH BANKS

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

	Interest Rate	2024	2023
	%		
Fidelity Bank Bahamas Limited	1.00 - 1.25	\$ 5,669,860	\$ 5,578,659
RF Bank & Trust (Bahamas) Limited	1.50	5,029,743	5,000,000
Bank of The Bahamas Limited	2.00 - 2.50	3,678,800	4,273,774
FirstCaribbean International Bank (Bahamas) Limited - Nassau (i)	0.16	2,058,828	2,055,535
FirstCaribbean International Bank (Bahamas) Limited - Freeport	0.16	8,249	8,236
Time deposits with banks in the statement of financial position		16,445,480	16,916,204
Pledged as security (i)		(5,000)	(5,000)
		\$ 16,440,480	\$ 16,911,204

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

Total interest income earned during the year amounted to \$275,672 (2023: \$379,571).

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 7. DEPOSITS WITH THE LEAGUE

Deposits with the League are comprised of the following:

	Interest Rate	2024	2023
Statutory reserve deposits (i)	1.44%		
Balance, beginning of year		\$22,651,238	\$ 23,817,242
Withdrawal of deposit during the year		-	(1,500,000)
Interest earned during the year		330,072	333,996
Balance, end of year		22,981,310	22,651,238
Liquidity reserve deposits (ii)	1.44%		
Balance, beginning of year		21,353,183	21,048,748
Interest earned during the year		310,705	304,435
Balance, end of year		21,663,888	21,353,183
Dormant accounts deposits	1.00%		
Dormant accounts transferred to the League		463,377	212,311
Interest earned		4,036	1,778
		467,413	214,089
TOTAL DEPOSITS WITH THE LEAGUE		\$45,112,611	\$44,218,510
Total interest earned during the year		\$ 644,813	\$ 640,209

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

	2024	2023
Statutory deposits with the League	\$22,981,310	\$ 22,651,238
Requirement (10% of total assets)	(21,371,453)	(21,129,703)
Surplus in statutory reserve deposits	\$ 1,609,857	\$ 1,521,535

*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:

	2024	2023
Liquidity reserve deposits with the League	\$ 21,663,888	\$ 21,353,183
Requirement (10% of members' deposits)	(18,598,290)	(18,368,624)
Surplus in liquidity reserve deposits	\$ 3,065,598	\$ 2,984,559

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 8. LOANS RECEIVABLE, NET

i) Loans receivable, net are as follows:

	Interest Rate	2024	2023
Real estate mortgages	4.75% - 8.25%	\$ 58,412,625	\$57,356,794
Consumer	3.75% - 16.00%	8,498,382	13,489,722
Chattel mortgages	3.75% - 7.00%	30,009,742	22,709,569
Business	8.00% - 11.00%	286,761	444,966
		97,207,510	94,001,051
Accrued interest		300,639	301,477
		97,508,149	94,302,528
Less: deferred loan service fees		(1,014,871)	(1,377,156)
Less: provision for loan impairment losses		(6,000,147)	(5,453,958)
		\$90,493,131	\$87,471,414

At December 31, 2024, non-performing loans on which interest accrual is suspended totaled \$9,850,816 (2023: \$9,653,662).

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

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

	2024	2023
Allowance, beginning of year	\$5,453,958	\$4,472,545
Net increase in provision for the year	1,412,362	1,966,257
Loans written off	(866,173)	(984,844)
Allowance, end of year (Note 8(i))	\$6,000,147	\$5,453,958
Provided for during the year	\$1,412,362	\$1,966,257
Recoveries of bad debts	(566,049)	(766,399)
Impairment losses reported in profit or loss	\$ 846,313	\$1,199,858

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

	2024	2023
IFRS Expected credit losses (Note v)	\$6,000,147	\$5,453,958
Regulatory (PEARLS) loan loss provision (Note iv)	1,068,078	939,706
Difference	\$4,932,069	\$4,514,252

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 8. LOANS RECEIVABLE, NET (Continued)

## iv) PEARLS impairment provisions:

The following is a summary of delinquent loans:

As at December 31, 2024										
Period in Arrears	Number of Accounts in Arrears	C	Total Delinquent Value of Loans Security				Loan Loss Provision		Provision Rate %	
Within 1 month	5	\$	215,476	\$	1,371	\$	214,105	\$	_	N/A
2 to 3 months	60	•	2,245,731	•	1,537,611	·	708,120		247,842	35%
4 to 6 months	44		1,385,916		978,239		407,677		142,687	35%
7 to 12 months	41		1,203,284		538,626		664,658		232,630	35%
Over 1 year	59		7,261,616		6,816,697		444,919		444,919	100%
	209	\$	12,312,023	\$	9,872,544	\$	2,439,479	\$	1,068,078	

As at December 31, 2023										
Period in Arrears	Number of Accounts in Arrears	Total Delinquent Loans	Value of Security	Credit Exposure	Loan Loss Provision	Provision Rate %				
Within 1 month	53	\$ 2.684.241	\$ 2,038,804	\$ 645.437	\$ -	N/A				
2 to 3 months	31	828,922	385,381	443,541	155,239	35%				
4 to 6 months	25	542,509	223,958	318,551	111,493	35%				
7 to 12 months	46	873,629	398,969	474,660	166,131	35%				
Over 1 year	62	8,237,524	7,730,681	506,843	506,843	100%				
	217	\$ 13,166,825	\$10,777,793	\$ 2,389,032	\$ 939,706					

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 8. LOANS RECEIVABLE, NET (Continued)

## v) Impairment provision under IFRS:

As at December 31, 2024									
	Total				Total				
	Outstanding	Stage 1	;	Stage 2	Stage 3	Allowance	Loan Loss		
	Balance	ECL		ECL	ECL	for ECL	Rate		
Consumer	\$ 38,379,257	\$1,168,811	\$	237,722	\$1,415,295	\$2,821,828	7%		
Residential real estate	58,541,492	2,852		4,461	3,078,970	3,086,283	5%		
Small business	286,761	484		-	91,552	92,036	32%		
	\$97,207,510	\$1,172,147	\$	242,183	\$4,585,817	\$6,000,147			

As at December 31, 2023										
	Total					Total				
	Outstanding	Stage 1		Stage 2	Stage 3	Allowance	Loan Loss			
	Balance	ECL		ECL	ECL	for ECL	Rate			
Consumer	\$ 36,536,114	\$1,352,611	\$	433,688	\$ 833,996	\$2,620,295	7%			
Residential real estate	56,869,915	9,653		11,603	2,812,159	2,833,415	5%			
Small business	57,654	248		-	-	248	0%			
	\$93,463,683	\$1,362,512	\$	445,291	\$3,646,155	\$5,453,958				

## vi) Concentration of loans:

At December 31, 2024, there were no members with loans (2023: Nil), which exceeded 5% of total equity.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 9. OTHER ASSETS

Other assets represent the following:

		2024		2023
Investments and deposits interest receivable	\$	433,496	\$	584,125
Other deposits (i)		975,438		843,714
Accounts receivable - other		744,062		62,125
Prepaid expenses		466,298		535,778
Rent receivable, net of allowance for ECL \$183,833 (2023: \$214,883) (ii)		242,513		391,843
CardnPay Limited - Collateral for Mastercard		200,000		200,000
Security deposits		71,297		71,297
	\$3	3,133,104	\$2	2,688,882

*i)* Other deposits at December 31, 2024 consist of payment for the new core banking software. The data projects at December 31, 2023 have been capitalized.

#### 10. INVESTMENT IN THE LEAGUE

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

	2024	2023
Balance, beginning of year	\$ 36,200	\$ 34,900
Acquired during the year	1,200	1,300
Balance, end of year	\$ 37,400	\$ 36,200
Number of shares	748	724

*ii)* Provision for credit losses on rent receivable recognized in profit or loss during the year amounted to \$16,893 (2023: \$50,425).

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 11. FINANCIAL INVESTMENTS

i) Financial investments are comprised of the following:

	2024	2023
Amortized Cost:		
The Bahamas Government Registered Stocks*	\$21,052,066	\$ 25,642,454
Corporate Bonds*	697,633	547,015
	21,749,699	26,189,469
Fair Value Through Other Comprehensive Income (FVTOCI):  Quoted Equities *	3,741,615	3,358,842
Preference shares*	1,907,887	1,902,707
Prime Income Fund - Series 2*	523,691	505,350
Arawak Port Development (115 ordinary shares (cost: \$1,150)	5,134	4,737
	6,178,327	5,771,636
	\$27,928,026	\$31,961,105

<sup>\*</sup> These items include investments managed by Royal Fidelity, and at December 31, 2024 totaled \$8,397,792 (2023: \$11,871,219).

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

	2024	2023
Balance, beginning of year	¢ 5 771 636	\$ 9,380,816
	13.041	
Net acquisition/(disposal) during the year  Net change in unrealized gain on financial assets at FVTOCI	,	(3,857,953)
	393,650	248,773
Balance, end of year	\$ 6,178,327	\$ 5,771,636

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

	2024	2023
Interest income	\$ 879,892	\$ 1,239,802
Dividend income	85,966	294,107
	\$ 965,858	\$ 1,533,909

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 12. INVESTMENT PROPERTIES

i) Details of investment properties are as follows:

	Vacant Properties		Rental Properties			Total
Cost						
Balance at December 31, 2022 Additions	\$	533,874	\$ 22,096,897	\$	1,241,643	\$ 23,872,414
Balance at December 31, 2023 Additions		533,874	22,096,897		1,241,643 15,788	23,872,414 15,788
Balance at December 31, 2024		533,874	22,096,897		1,257,431	23,888,202
Accumulated depreciation and impairment losses						
Balance at December 31, 2022 Additions		140,000	4,730,885 509,706		768,719 141,028	5,639,604 650,734
Balance at December 31, 2023 Additions		140,000	5,240,591 509,706		909,747 107,916	6,290,338 617,622
Balance at December 31, 2024		140,000	5,750,297		1,017,663	6,907,960
Carrying value As at December 31, 2024	\$	393,874	\$ 16,346,600	\$	239,768	\$ 16,980,242
As at December 31, 2023	\$	393,874	\$16,856,306	\$	331,896	\$ 17,582,076

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 12. INVESTMENT PROPERTIES (Continued)

### ii) Carrying values of each investment property are as follows:

			Carrying Values 2024 2023		
	Notes	20			
Vacant Proportion					
Vacant Properties					
Milo Butler Highway		\$ 2	206,111	\$	206,111
Baillou Hill Road, South			63,431		63,431
#151 Central Pines, Abaco*	12(i)	1	124,332		124,332
Total vacant properties		3	393,874		393,874
Rental Properties					
East Street South		3,9	910,380		4,036,034
Freeport		1,3	341,160		1,415,351
Abaco		11,3	34,828	1	1,736,817
Total rental properties		16,5	86,368	1	7,188,202
		\$ 16,9	980,242	\$ 1	7,582,076

#### iii) Fair value disclosure:

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

			es		
Property	Туре	Туре 2024			2023
Milo Butler Highway	Vacant	\$	280,000	\$	280,000
Baillou Hill Road South	Vacant		90,000		90,000
East Street South	Land and building		5,750,000		5,750,000
Freeport	Land and building		3,167,742		1,969,400
Abaco Complex	Land and building	1	5,283,400	1	5,283,400
#151 Central Pines, Abaco*	Land and unoccupied building		125,000		125,000
		\$2	24,696,142	\$ 2	23,497,800

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

	Land	Buildings and provements	Furniture and Fixtures	Computer System and Equipment	,	Motor /ehicles	Total
Cost							
Balance at December 31, 2022 Additions	\$ 689,535 -	\$ 9,932,684	\$2,295,132 7,930	\$3,947,992 110,393	\$	107,278 59,940	\$ 16,972,621 178,263
Balance at December 31, 2023 Additions Disposals	689,535 - -	9,932,684 9,544 -	2,303,062 123,650 -	4,058,385 80,687 -		167,218 28,470 (29,970)	17,150,884 242,351 (29,970)
Balance at December 31, 2024	689,535	9,942,228	2,426,712	4,139,072		165,718	17,363,265
Accumulated depreciation							
Balance at December 31, 2022 Additions	 -	4,748,748 417,180	1,950,708 141,266	2,262,853 469,662		62,960 24,035	9,025,269 1,052,143
Balance at December 31, 2023 Additions Disposals	- - -	5,165,928 350,659	2,091,974 82,985 -	2,732,515 436,437		86,995 23,316 (8,741)	10,077,412 893,397 (8,741)
Balance at December 31, 2024	-	5,516,587	2,174,959	3,168,952		101,570	10,962,068
Carrying value As at December 31, 2024	\$ 689,535	\$ 4,425,641	\$ 251,753	\$ 970,120	\$	64,148	\$ 6,401,197
As at December 31, 2023	\$ 689,535	\$ 4,766,756	\$ 211,088	\$1,325,870	\$	80,223	\$ 7,073,472

### 14. MEMBERS' REGULAR DEPOSITS

The movement in members' regular deposits are as follows:

	Interest Rate	2024	2023
	%		
Balance, beginning of year	1.00 -1.25	\$76,851,624	\$75,269,195
Add: savings and interest		53,230,742	48,027,460
Less: withdrawals and transfers		(50,654,994)	(46,445,031)
Balance, end of year		\$79,427,372	\$76,851,624

Notes to the Financial Statements

December 31, 2024

(Expressed in Bahamian dollars)

### **15. OTHER DEPOSITS**

Other deposits are comprised of the following:

As at December 31, 2024								
	Interest Rate	Members	Minors		Total			
Term deposits	0.25%-3.00%	\$ 63,087,862	\$	372,226	\$ 63,460,088			
Other deposits								
Savings	0.50%	38,641,354		965,084	39,606,438			
Christmas club accounts	0.75%	670,605	,605		670,605			
Vacation club deposits	0.75%	124,726		3,300	128,026			
Bill paying accounts	0.00%	6,634		-	6,634			
		102,531,181		1,340,610	103,871,791			
Dividend reinvestment	0.75%	24,990		-	24,990			
Retirement savings	0.75%	2,658,747		-	2,658,747			
	_	\$ 105,214,918	\$	1,340,610	\$ 106,555,528			

As at December 31, 2023								
	Interest Rate	Members Minors		Total				
Term deposits	0.25%-3.00%	\$ 67,938,095	\$	367,068	\$ 68,305,163			
Other deposits								
Savings	0.50%	34,502,097		732,725	35,234,822			
Christmas club accounts	0.75%	637,334		135	637,469			
Vacation club deposits	0.75%	116,218		3,256	119,474			
Bill paying accounts	0.00%	10,104		-	10,104			
		103,203,848		1,103,184	104,307,032			
Dividend reinvestment	0.75%	25,769		-	25,769			
Retirement savings	0.75%	2,501,815		-	2,501,815			
		\$ 105,731,432	\$	1,103,184	\$ 106,834,616			

At December 31, 2024, there were no members with deposits which exceeded 5% of the Credit Union's equity (2023: one (1) member). The deposit totaled \$0 (2023: \$1,255,497).

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### **16. OTHER LIABILITIES**

Other liabilities are comprised of the following:

	2024	2023
Accrued interest payable		
Members' regular shares	\$ 784,667	\$ 844,040
Fixed deposits	307,102	328,311
Total accrued interest payable	1,091,769	1,172,351
Other payables		
Dormant accounts	845,225	865,496
Accrued expenses	242,584	323,652
Tenants' security deposits	87,022	72,416
Share loan insurance	67,158	66,937
Total other payables	1,241,989	1,328,501
	\$2,333,758	\$2,500,852

### 17. MEMBERS' EQUITY

i) Members' shares:

Members' shares consist of the following:

	2024			2023			
	Qualifying	Equity	Total	Qualifying	Equity	Total	
Balance, beginning of year	\$1,059,650	\$4,017,250	\$5,076,900	\$1,006,400	\$4,025,850	\$5,032,250	
Shares issued	60,300	212,000	272,300	72,850	89,400	162,250	
Shares redeemed	(22,000)	(15,850)	(37,850)	(19,600)	(98,000)	(117,600)	
Total issued and outstanding	1,097,950	4,213,400	5,311,350	1,059,650	4,017,250	5,076,900	
Share reserves	205,350	38,500	243,850	182,750	38,600	221,350	
Balance, end of year	\$1,303,300	\$4,251,900	\$ 5,555,200	\$1,242,400	\$ 4,055,850	\$ 5,298,250	

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, 2024, there were 21,959 members (2023: 21,193 members) of the Credit Union.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 17. MEMBERS' EQUITY (Continued)

### ii) Statutory reserve:

The movement in the statutory reserve is as follows:

	2024	2023
Balance, beginning of year	\$ 16,000,000	\$ 16,000,000
Transfer from retained earnings	-	-
Balance, end of year	16,000,000	16,000,000
Requirements (10% of total assets)	21,371,453	21,129,703
Deficiency in statutory reserve	\$ (5,371,453)	\$ (5,129,703)

The Credit Union has not met its statutory requirement in the current year ended December 31, 2024, as its statutory reserve in equity is 7.49% (2023: 7.57%) of total assets.

### iii) Fair value reserve:

The movement in the fair value reserve is as follows:

	2024	2023
Balance, beginning of year	\$ 708,688	\$ 459,915
Change in fair value of equity investments	393,650	248,773
Balance, end of year	\$ 1,102,338	\$ 708,688

## 18. NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT

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

	2024	2023
Net interest income on members' loans		
Interest earned on loans to members	\$8,570,045	\$8,316,019
Interest expense on members' regular shares and deposits	(1,787,353)	(1,665,437)
	6,782,692	6,650,582
Interest income on investments Financial investments	879.892	1,239,802
Deposits with the League	643,863	640,198
Time deposits with banks	275,672	138,880
	1,799,427	2,018,880
	\$8,582,119	\$8,669,462

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 19. OTHER INCOME

Other income is comprised of the following:

	2024	2023
Service charges	\$ 181,211	\$ 175,189
Miscellaneous income (a)	122,553	142,201
Loan services fees	105,197	113,598
Dividend income	85,966	294,107
ATM fees	24,459	21,435
Entrance fees	4,453	1,720
Realized (loss)/gain on disposal of financial investments	-	39,423
Gain/(loss) on disposal disposal of assets (b)	3,918	(202,040)
	\$ 527,757	\$ 585,633

a) Included in miscellaneous income is \$43,611 (2023: \$138,681) for non-vested pension funds received.

### 20. PROFITS/LOSSES) ON INVESTMENT PROPERTIES

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

As at December 31, 2024							
	East Street						
	South	Freeport	Abaco	Total			
Income							
Rental income	\$ 399,130	\$ 240,505	\$ 374,569	\$ 1,014,204			
	399,130	240,505	374,569	1,014,204			
Expenses							
Depreciation and impairment loss	125,654	74,980	416,988	617,622			
Repairs and maintenance	53,006	11,241	18,747	82,994			
Insurance	84,437	42,077	324,942	451,456			
Janitorial	-	3,000	-	3,000			
Increase in provision for bad debt (Note 9)	-	13,300	3,593	16,893			
Utilities	-	23,329	8,905	32,234			
Other expenses	19	700	8,322	9,041			
	263,116	168,627	781,497	1,213,240			
Profit/(loss) for the year	\$ 136,014	\$ 71,878	\$(406,928)	\$ (199,036)			

b) During the year ended December 31, 2024, a motor vehicle was involved in an accident. Insurance proceeds were received resulting in a gain on disposal (2023: \$202,040 - amounts written-off for the construction cost of the ATM in Freeport totaling \$217,180).

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

## 20. PROFITS/(LOSSES) ON INVESTMENT PROPERTIES (Continued)

As at December 31, 2023											
	East Street										
	South	Freeport	Abaco	Total							
Income											
Rental income	\$ 392,757	\$ 174,189	\$ 359,786	\$ 926,732							
	392,757	174,189	359,786	926,732							
Expenses											
Depreciation and impairment loss*	131,603	99,603	419,528	650,734							
Repairs and maintenance	53,472	22,726	34,192	110,390							
Insurance	76,901	38,203	251,706	366,810							
Taxes	4,651	1,182	2,634	8,467							
Janitorial	-	-	2,750	2,750							
Increase/(decrease) in provision for bad debt (Note 9)	(1,647)	62,524	(10,452)	50,425							
Utilities	1,457	22,884	9,850	34,191							
Other expenses	231	18,639	7,055	25,925							
	266,668	265,761	717,263	1,249,692							
Profit/(loss) for the year	\$ 126,089	\$ (91,572)	\$(357,477)	\$ (322,960)							

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

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

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

Minimum lease payments due												
	V	Within 1 Year				2 to 3 Years			Total			
December 31, 2024	\$	346,286	\$	-	\$		_	\$		_	\$	346,286
December 31, 2023	\$	70,625	\$	70,625	\$		-	\$		-	\$	141,250

Notes to the Financial Statements

December 31, 2024

(Expressed in Bahamian dollars)

# **21. OPERATING EXPENSES**

Operating expenses are comprised of the following:

	2024	2023
<u>Personnel</u>		
Salaries	\$2,537,950	\$2,493,418
Medical and pension (Note 24)	440,876	379,550
Other benefits	109,304	142,551
National insurance	144,775	109,590
Travel, training and development	53,869	33,862
Travol, training and development	3,286,774	3,158,971
Conoral hypinasa		
General business  Depresiation furniture and fixtures	82,985	141,266
Depreciation - furniture and fixtures	•	ŕ
Insurance - general	114,310	143,907
Professional and legal fees	221,538 232,549	230,395 107,342
Value Added Tax (VAT) and Business License	•	ŕ
Equipment maintenance	199,208	143,014
Stationery and supplies Armoured car services	81,128	64,689
Motor vehicles license and maintenance	103,045	58,617
	23,198 481,154	15,067
Bank charges, broker fees and mastercard charges	•	120,838
Courier and postage Insurance - motor vehicles	28,809 4,115	31,201 4,024
Depreciation - motor vehicle	23,316	24,035
Cash shortage/(overage) and other losses	5,709	(1,287)
Gash shortage/(everage/ and other losses	1,601,064	1,083,108
Occupancy		
<u>Occupancy</u> Utilities	064 074	0AE 640
	264,274	245,618
Depreciation - Building and improvements  General maintenance	350,659	417,179
	349,521 36,369	284,667 46,767
Security services  Property toy		40,707
Property tax	74,058	¢ 004 224
	\$1,074,881	\$ 994,231

(Continued)

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

# 21. OPERATING EXPENSES (Continued)

	2024	2023
Organizational		
Board and committee development and travel	\$ 10,764	\$ 28,899
Board and committee remuneration	72,950	65,986
Annual general meetings and anniversary expenses	44,113	60,594
Stabilization fees	63,765	60,384
Board and committee meetings	8,992	5,320
Insurance - officers liabilities	8,327	8,278
	208,911	229,461
Members' security		
Loans and savings insurance premium	367,757	504,319
Bond insurance premium	32,160	32,904
Deposit Insurance	187,124	95,012
	587,041	632,235
Computer costs		
· · · · · · · · · · · · · · · · · · ·	97,010	114,035
	970,631	550,865
·	17,496	18,385
Computer hardware - depreciation	339,427	355,627
Internet services	184,496	203,721
Data Centre storage services	(17,371)	
	1,591,689	1,261,583
Marketing		
Advertising and promotions	28,958	26,769
Marketing	41,109	20,965
Donations and gifts	6,765	7,825
	76,832	55,559
mbers' security ans and savings insurance premium and insurance premium and insurance  mputer costs  mputer software - depreciation tware subscription and maintenance mputer stationery and ATM expense mputer hardware - depreciation ernet services a Centre storage services  reketing vertising and promotions reketing	\$8,427,192	\$7,415,148

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

# 22. RELATED PARTIES BALANCES AND TRANSACTIONS

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

	2024	2023
Balances:		
Deposits with the League	\$45,112,610	\$44,004,421
Investment in the League	\$ 37,400	\$ 36,200
Loans receivable	\$ 1,725,207	\$ 1,722,617
Members' regular deposits	\$ 1,539,879	\$ 1,317,479
Other deposits	\$ 2,878,344	\$ 2,793,019
Members' shares	\$ 65,850	\$ 61,000
Transactions:		
Interest income on loans	\$ 96,595	\$ 131,338
Interest income on deposits with the League	\$ 644,814	\$ 638,420
Interest expense	\$ 10,441	\$ 16,058
Salaries and bonus	\$ 1,373,365	\$ 1,354,518
Medical and pension	\$ 273,544	\$ 232,911
Other benefits	\$ 28,045	\$ 54,962
League expenses	\$ 63,765	\$ 60,384
Board allowances and expenses	\$ 61,164	\$ 56,263
Sub-committee allowances and expenses	\$ 22,200	\$ 24,316
Directors and officers insurance	\$ 8,327	\$ 8,278
Credit card balances	\$ 18,696	\$ 33,344

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 23. COMMITMENTS AND CONTINGENCIES

#### i) Commitments:

- a) Commitments for undrawn loans at December 31, 2024 totaled \$5,649,265 (2023: \$2,269,018).
- b) Commitment for capital expenditure at December 31, 2024 totaled \$Nil (2023: \$Nil).

#### 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, 2024, the total balance outstanding on Scotiabank (Bahamas) Limited credit cards was \$49,000 (2023: \$99,700) on 20 (2023: 47) cards. There were no delinquent balances converted to loans at December 31, 2024 and 2023, respectively.

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

At December 31, 2024, the total balance outstanding on Fidelity Bank (Bahamas) Limited credit cards was \$113,334 (2023: \$139,450) on 51 (2023: 63) cards. There were no delinquent balances converted to loans at December 31, 2024 and 2023, respectively.

c) As part of its ongoing operations, the Credit Union entered into a contract with CardnPay Limited to issue Mastercard debit cards to its members. A deposit of \$200,000 was paid to CardnPay Limited and held as collateral for this service, which is included in Note 9 to the financial statements.

This arrangement may expose the Credit Union to certain contingent liabilities, including but not limited to potential losses from cardholder disputes, fraudulent transactions, chargebacks, and fines or penalties for non-compliance with Mastercard network requirements. At the reporting date, management is not aware of any material claims or incidents that would result in a probable outflow of resources. Accordingly, no provision has been made in these financial statements. However, the Credit Union will continue to monitor its exposure and will recognize a liability if and when an obligation becomes probable and can be reliably estimated.

#### 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.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 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 employees' base compensation.

The Credit Union's contributions to the plan during the year total \$221,800 (2023: \$201,261) and is included in personnel expenses in the statement of comprehensive income.

#### 25. CAPITAL MANAGEMENT

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

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

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

'Every society shall ensure that -

- a) Not less than 10% of its members' deposits are kept in a liquidity reserve fund; and
- b) Statutory reserves, retained earnings, qualifying shares and equity shares are at no stage less than 10% of its total assets, except during the phase in period as permitted by regulations.'

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

	2024	2023
Provision (a)		
Liquidity reserve deposits	\$ 21,663,888	\$ 21,353,183
Members' regular and other deposits	\$ 185,982,900	\$ 183,686,240
Actual ratio	12%	12%
Required ratio	10%	10%
Excess of regulation	2%	2%
Provision (b)		
Regulatory reserves	\$ 24,295,532	\$ 24,401,247
Total assets	\$ 213,714,528	\$ 211,297,027
Actual ratio	11%	12%
Required ratio	10%	10%
Excess of regulation	1%	2%

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

#### 26. FINANCIAL RISK MANAGEMENT

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

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

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

#### i) Supervisory Committee

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

### ii) Credit Committee

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

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

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

- 26.1. Credit risk;
- 26.2. Liquidity risk; and
- **26.3.** Market risk (including currency risk, equity price risk and interest rate risk)

#### 26.1. Credit risk

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

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

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

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

### 26.1. Credit risk (Continued)

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

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

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

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

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

As at December 31, 2024								
	l	Nassau	F	reeport		Abaco		Total
(Expressed in B\$'000)								
Cash at banks	\$	4,709	\$	541	\$	356	\$	5,606
Time deposits with banks		16,437		8		-		16,445
Deposits with the League		45,076		29		8		45,113
Loans receivable, net		53,017		25,998		11,478		90,493
Other assets		1,401		170		120		1,691
Investment in the League		37		-		-		37
Financial investments		23,658		-		-		23,658
Total financial assets	\$	144,335	\$	26,746	\$	11,962	\$	183,043

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

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

### 26.1. Credit risk (Continued)

As at December 31, 2023									
	l	Nassau	F	reeport		Abaco		Total	
(Expressed in B\$'000)									
Cash at banks	\$	1,378	\$	472	\$	122	\$	1,972	
Time deposits with banks		16,907		9		-		16,916	
Deposits with the League		44,218		-		-		44,218	
Loans receivable, net		54,618		26,923		5,980		87,521	
Other assets		1,992		24		87		2,103	
Investment in the League		36		-		-		36	
Financial investments		28,092		-		-		28,092	
Total financial assets	\$	147,241	\$	27,428	\$	6,189	\$	180,858	

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

	2024	2023
Individual members	\$ 94,322,461	\$ 92,880,060
Institutional members	2,885,049	1,120,991
	\$97,207,510	\$94,001,051

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

	2024	2023
	<b>*</b> • • • • • • • • • • • • • • • • • • •	<b>.</b>
Neither past due nor impaired	\$84,895,487	\$80,834,226
Past due but not impaired	2,461,207	4,929,301
Impaired	9,850,816	8,237,524
Gross	97,207,510	94,001,051
Add: accrued interest	300,639	301,477
Less: deferred service fees	(1,014,871)	(1,377,156)
Less: allowance for impairment	(6,000,147)	(5,453,958)
Net	\$90,493,131	\$87,471,414

### 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.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 26. FINANCIAL RISK MANAGEMENT (Continued)

### 26.2. Liquidity risk

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

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

#### Liquidity risk management process

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

- Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of the Credit Union's source of funds which includes cash and bank balances, items in the course of collection and investment maturities in order to determine their ability to meet its commitments;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;
- Maintaining committed lines of credit with its Banker and the League;
- Monitoring the statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to liabilities; and
- Matching and mismatching of the maturities and interest rates of financial assets and financial liabilities. An unmatched position potentially enhances profitability but can increase liquidity risk.

#### Financial liabilities cash flows

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

As at December 31, 2024											
	Up to 1	1 to 3	3 to 12	1 to 5							
	Month	Months Months		Years	Total						
Liabilities:											
Members' regular deposits	\$ 79,427,372	\$ -	\$ -	\$ -	\$ 79,427,372						
Other deposits	52,052,573	9,498,352	44,682,647	321,956	106,555,528						
Other liabilities	309,742	-	1,091,769	932,247	2,333,758						
Total liabilities	\$ 131,789,687	\$ 9,498,352	\$ 45,774,416	\$1,254,203	\$ 188,316,658						

As at December 31, 2023											
		Up to 1 Month	•			3 to 12 Months	1 to 5 Years			Total	
Liabilities:											
Members' regular deposits	\$	76,851,624	\$	-	\$	-	\$	-	\$	76,851,624	
Other deposits		48,365,404	1	0,925,295	4	7,008,685		535,232		106,834,616	
Other liabilities		388,710		212,389		1,174,152		725,601		2,500,852	
Total liabilities	\$	125,605,738	\$ 1	1,137,684	\$ 4	8,182,837	\$	1,260,833	\$	186,187,092	

Notes to the Financial Statements

December 31, 2024 (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 equity financial instruments, held as a part of its investment portfolio totaling \$3,746,749 (2023: \$3,363,579).

• 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 \$187,337 (2023: \$168,179).

#### 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.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

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

# 26.3. Market risk (Continued)

# Interest rate risk (Continued)

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

		As a	t December 3	1, 2	2024			
	Within 1 Year				Over 5 Years		on-Interest Bearing	Total
Assets:								
Cash at banks	\$ 3,789,037	\$	-	\$	-	\$	1,816,960	\$ 5,605,997
Time deposits	16,445,480		-		-		-	16,445,480
Deposits with the League	-		-		45,112,611		-	45,112,611
Loans receivable, net	1,273,775		34,825,670		49,128,687		5,264,999	90,493,131
Other assets	-		-		-		2,666,806	2,666,806
Investment in the League	-		-		-		37,400	37,400
Financial investments	6,097,399		8,593,685		7,058,615		6,178,327	27,928,026
Total assets	27,605,691		43,419,355		101,299,913		15,964,492	188,289,451
Liabilities:								
Members' regular deposits	79,427,372		-		-		-	79,427,372
Other deposits	52,052,573		9,498,352		44,682,647		321,956	106,555,528
Other liabilities	-		-		-		2,333,758	2,333,758
Total liabilities	131,479,945		9,498,352		44,682,647		2,655,714	188,316,658
Total interest repricing gap	\$ (103,874,254	) \$	33,921,003	\$	56,617,266	\$	13,308,778	\$ (27,207)
Cumulative gap	\$ (103,874,254	) \$	(69,953,251)	\$	(13,335,985)	\$	(27,207)	

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

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

### 26.3. Market risk (Continued)

Interest rate risk (Continued)

As at December 31, 2023										
	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total					
Assets:										
Cash at banks	\$ 1,272,590	\$ -	\$ -	\$ 699,028	\$ 1,971,618					
Time deposits	16,916,204	-	-	-	16,916,204					
Deposits with the League	-	-	44,218,510	-	44,218,510					
Loans receivable, net	4,217,369	21,476,128	51,146,850	10,681,067	87,521,414					
Other assets	-	-	-	2,153,104	2,153,104					
Investment in the League	-	-	-	36,200	36,200					
Financial investments	-	6,202,951	21,889,225	3,868,929	31,961,105					
Total assets	22,406,163	27,679,079	117,254,585	17,438,328	184,778,155					
Liabilities:										
Members' regular deposits	76,851,624	-	-	-	76,851,624					
Other deposits	106,233,870	591,072	-	9,674	106,834,616					
Other liabilities	-	-	-	2,500,852	2,500,852					
Total liabilities	183,085,494	591,072	-	2,510,526	186,187,092					
Total interest repricing gap	\$ (160,679,331)	\$ 27,088,007	\$ 117,254,585	\$ 14,927,802	\$ (1,408,937)					
Cumulative gap	\$ (160,679,331)	\$ (133,591,324)	\$ (16,336,739)	\$ (1,408,937)						

### 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:

- 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.

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

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

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

#### b) Financial instruments measured at fair value:

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

### c) Fair value hierarchy:

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level consists of listed equity securities traded on the Bahamas International Stock Exchange (BISX).
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This includes government debt securities and other securities with observable inputs.
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. The Credit Union has no financial instruments categorized in this level.

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

As at December 31, 2024									
	Level 1	Level 1 Level 2 Level 3							
Financial instruments									
Financial assets at FVTOCI	\$3,746,749	\$2,431,578	\$ -	\$6,178,327					
	As at December 24, 2	022							
	As at December 31, 2								
	Level 1	Level 2	Level 3	Total					
Financial instruments									

Notes to the Financial Statements

December 31, 2024 (Expressed in Bahamian dollars)

### 28. EVENTS AFTER THE REPORTING PERIOD

- 1. On March 22, 2025, the Credit Union executed a lease agreement with Thinkers & Do'ers Limited for the establishment of a satellite branch in the Carmichael District.
- 2. On January 22, 2025, the Credit Union acquired Bahamas Registered Stock at a cost of \$5,087,342.

There were no other material events of significance impacting the Company since December 31, 2024 and up to April 28, 2025 that require disclosure in the financial statements.



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

# INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The primary purpose of our examination for the year ended December 31, 2024 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, 2024 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.

**CHARTERED ACCOUNTANTS** 

Ecoris Bahamas

April 28, 2025 Nassau, The Bahamas

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Statement of Profit or Loss – Nassau, Head Office

	2024	2023
INTEREST INCOME		
Loans	\$ 5,077,129	\$ 4,938,714
Investments	1,799,326	2,018,681
Total interest income	6,876,455	6,957,395
INTEREST EXPENSE		
Members' regular shares and other deposits	(1,626,325)	(1,495,420)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN		
IMPAIRMENT AND RECOVERIES OF BAD DEBTS	5,250,130	5,461,975
Increase in provision for loan impairment and expected credit losses	(851,093)	(1,823,994)
Recoveries of bad debts	271,564	470,299
NET INTEREST INCOME AFTER PROVISION FOR LOAN		
IMPAIRMENT AND RECOVERIES OF BAD DEBTS	4,670,601	4,108,280
NON-INTEREST INCOME		
Other income	409,207	686,542
Profit on investment properties	136,014	126,089
Total non-interest income	545,221	812,631
NET INTEREST AND OTHER INCOME	5,215,822	4,920,911
OPERATING EXPENSES		
Personnel	2,707,665	2,588,782
General business	1,219,126	760,905
Occupancy	772,824	656,675
Organizational	204,252	204,449
Members' security	583,092	616,068
Computer costs	1,545,020	1,197,914
Marketing	76,207	52,359
Total operating expenses	7,108,186	6,077,152
LOSS FOR THE YEAR	\$ (1,892,364)	\$ (1,156,241)

Statement of Operating Expenses – Nassau, Head Office

	2024	2023
Personnel Personnel		
Salaries	\$ 2,094,977	\$ 2,048,332
Medical and pension	366,713	307,691
Staff benefits	90,844	116,183
National insurance	116,111	87,645
Travel, training and development	39,020	28,931
	2,707,665	2,588,782
General business		
Depreciation - furniture & equipment	52,624	108,418
Insurance	94,912	81,636
Professional fees	190,661	142,085
Value Added Tax (VAT) and Business License	164,524	102,821
Equipment maintenance	147,664	89,690
Stationery and supplies	65,988	55,950
Armoured car services	-	24,390
Vehicle expenses	4,348	8,278
Bank charges, broker fees and mastercard charges	471,506	115,687
Courier and postage	17,411	19,428
Insurance - vehicles	1,822	2,086
Depreciation - motor vehicle	11,547	11,547
Cash overage and other losses	(3,881)	(1,111)
	1,219,126	760,905
<u>Occupancy</u>		
Utilities	209,538	172,860
Depreciation - building	212,752	275,128
Building maintenance	252,090	169,260
Building security	24,386	39,427
Property tax	74,058	-
	\$ 772,824	\$ 656,675

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

	2024	2023	3
<u>Organizational</u>			
Board and committee development and travel	\$ 8,004	\$ 21	,099
Board and committee remuneration	72,950	65	,986
Annual general meetings and anniversary expenses	42,214	58	,043
Stabilization fees	63,765	45	,723
Board and committee meetings	8,992	5	,320
Directors and officers insurance	8,327	8	,278
	204,252	204	,449
Members' security			
Loans and savings insurance premium	367,757	504	,319
Bond insurance premium	28,211	16	,737
Deposit insurance	187,124	95	,012
·	583,092		,068
Computer costs			
Computer software - depreciation	97,010	114	,035
Software subscription and maintenance	966,868	545	,865
Computer stationery and ATM expense	15,998	12	,991
Computer hardware - depreciation	330,345	340	,002
Internet	152,170	166	,071
Data Centre storage services	(17,371	) 18	,950
	1,545,020	1,197	,914
Marketing			
Advertising and promotions	28,958	23	,569
Marketing	40,834		,965
Donations	6,415		,825
	76,207		,359
	\$ 7,108,186		

Statement of Profit or Loss – Freeport Branch

	2024	2023
INTEREST INCOME		
Loans	\$ 2,263,305	\$2,275,130
Investments	69	143
Total interest income	2,263,374	2,275,273
INTEREST EXPENSE		
Members' regular shares and other deposits	(96,562)	(104,951)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN		
IMPAIRMENT AND RECOVERIES OF BAD DEBTS	2,166,812	2,170,322
Increase in provision for loan impairment and expected credit losses	(190,879)	(173,294)
Recoveries of bad debts	207,655	77,526
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS	2,183,588	2,074,554
NON-INTEREST INCOME		
Other income	78,496	(148,858)
Profit/(loss) on investment properties	71,878	(91,572)
Total non-interest income	150,374	(240,430)
NET INTEREST AND OTHER INCOME	2,333,962	1,834,124
OPERATING EXPENSES		
Personnel	325,277	321,692
General business	219,475	125,797
Occupancy	124,192	146,871
Organizational	2,543	14,509
Members' security	2,193	8,948
Computer costs	17,961	28,572
Marketing	275	1,600
Total operating expenses	691,916	647,989
PROFIT FOR THE YEAR	\$ 1,642,046	\$1,186,135

Statement of Operating Expenses – Freeport Branch

	2024	2023
<u>Personnel</u>		
Salaries	\$ 261,576	\$ 258,056
Medical and pension	33,509	33,140
Staff benefits	11,462	15,371
National insurance	17,647	12,872
Travel, training and development	1,083	2,253
	325,277	321,692
General business		
Depreciation - furniture and fixtures	17,620	17,257
Insurance - general	4,675	4,245
Professional and legal fees	22,680	52,610
Value Added Tax (VAT) and Business License	41,524	1,808
Equipment maintenance	24,506	14,218
Stationery and supplies	12,139	4,860
Armoured car services	68,925	6,202
Vehicle expenses	3,135	4,874
Bank charges, broker fees and mastercard charges	6,308	3,462
Courier and postage	8,347	9,076
Insurance - motor vehicle	906	991
Depreciation - motor vehicle	8,710	6,244
Cash overage and other expenses	-	(50)
	219,475	125,797
Occupancy		
Utilities	15,783	16,220
Depreciation - building	58,916	60,539
Building maintenance	43,502	65,932
Building security	5,991	4,180
	124,192	146,871
<u>Organizational</u>		
Stabilization fees	-	9,849
AGM and anniversary expenses	1,199	1,284
Board and committee development, meetings and travel	1,344	3,376
	\$ 2,543	\$ 14,509

Statement of Operating Expenses – Freeport Branch (Continued)

	2024	2023
Members' security		
Bond insurance	\$ 2,193	\$ 8,948
Computer costs		
Software subscription and maintenance	2,613	3,072
Computer hardware - depreciation	4,066	6,861
Computer stationery and ATM expense	1,393	5,394
Internet	9,889	13,245
	17,961	28,572
<u>Marketing</u>		
Advertising and promotions	-	1,600
Marketing	275	-
	275	1,600
	\$ 691,916	\$ 647,989

Statement of Profit or Loss – Abaco Branch

	2024	2023
INTEREST INCOME		
Loans	\$ 1,229,611	\$ 1,102,175
Investments	32	56
Total interest income	1,229,643	1,102,231
INTEREST EXPENSE		
Members' regular shares and other deposits	(64,466)	(65,066)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS	1,165,177	1,037,165
(Increase)/decrease in provision for loan impairment and expected credit losses	(370,390)	31,031
Recoveries of bad debts	86,830	218,574
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT AND RECOVERIES OF BAD DEBTS NON-INTEREST INCOME	881,617	1,286,770
Other income	40,054	47,949
Loss on investment properties	(406,928)	(357,477)
Total non-interest income	(366,874)	(309,528)
NET INTEREST AND OTHER INCOME	514,743	977,242
OPERATING EXPENSES		
Personnel	253,832	248,497
General business	162,463	196,406
Occupancy	177,865	190,685
Organizational	2,116	10,643
Members' security	1,756	7,219
Computer costs	28,708	35,097
Marketing	350	1,600
Total operating expenses	627,090	690,147
(LOSS)/PROFIT FOR THE YEAR	\$ (112,347)	\$ 287,095

Statement of Operating Expenses – Abaco Branch

	 2024	2023
<u>Personnel</u>		
Salaries	\$ 181,397	\$ 187,030
Medical and pension	40,654	38,719
Staff benefits	6,998	10,997
National insurance	11,017	9,073
Travel, training and development	13,766	2,678
	 253,832	248,497
General business		
Depreciation - furniture & fixtures	12,741	15,591
Insurance	14,723	58,026
Professional fees	8,197	35,700
Value Added Tax (VAT) and Business License	26,501	2,713
Equipment maintenance	27,038	39,106
Stationery and supplies	3,001	3,879
Armoured car services	34,120	28,025
Vehicle expenses	15,715	1,915
Bank charges, broker fees and mastercard charges	3,340	1,689
Courier and postage	3,051	2,697
Insurance - motor vehicle	1,387	947
Depreciation - motor vehicle	3,059	6,244
Cash shortage/(overage) and other losses	9,590	(126
	162,463	196,406
<u>Occupancy</u>		
Utilities	38,953	56,538
Depreciation - building	78,991	81,512
Building maintenance	53,929	49,475
Building security	5,992	3,160
	\$ 177,865	\$ 190,685

Statement of Operating Expenses – Abaco Branch (Continued)

	202	4	2023	
<u>Organizational</u>				
Stabilization fees	\$	- \$	4,812	
AGM and anniversary expenses		700	1,267	
Board and committee development and travel		1,416	4,564	
		2,116	10,643	
Members' security				
Bond insurance		1,756	7,219	
Computer costs				
Software subscription		1,150	1,928	
Computer hardware - depreciation	:	5,016	8,764	
Computer stationery and ATM expense		105	-	
Internet	2	2,437	24,405	
	2	8,708	35,097	
<u>Marketing</u>				
Advertising and promotions		-	1,600	
Donations		350	-	
		350	1,600	
	\$ 62	7,090 \$	690,147	

# **BUDGET 2025-2026**

		Budget	Actual	AGM Budget	Revised Budget	Budget
		2024	2024	2025	2025	2026
		Combined	Combined	Combined	Combined	Combined
1.	FINANCIAL REVENUE:					
2.	Interest on General Loans	5,570,913	4,823,395	6,128,000	5,209,266	5,626,000
3.	Interest on Mortgage Loans	3,315,709	3,102,618	3,647,000	3,350,827	3,619,000
4.	Loan Service Fees	677,397	644,032	745,000	695,555	751,000
5.	Interest on Statutory & Liquidity Reserves	667,000	643,863	718,000	695,372	751,000
6.	Interest on Govt. & Bridge bonds	458,000	597,115	494,000	644,884	696,000
7.	Interest on Deposits	125,000	275,672	135,000	297,726	322,000
8.	Interest on Royal Fidelity Investments	170,000	282,778	184,000	305,400	330,000
9.	Loan Skip Payment and Credit Report Fees	43,000	32,240	47,000	34,819	38,000
10.	Loan Restructuring and Late Payment Fees	88,000	72,957	97,000	78,794	85,000
11.	Dividends	753,000	85,966	813,000	92,843	100,000
12.	Entrance Fees	2,000	6,986	2,000	7,545	8,000
13.	Share Account Withdrawal Fees	146,000	128,680	161,000	138,974	139,426
14.	Card Fees (ATM, Debit and Credit)	28,000	26,314	30,000	28,420	31,000
15.	Service Fees	39,000	30,373	43,000	32,803	35,000
16.	Rebate on LP/LS Insurance	-	9	-	10	-
17.	Account Closing and Other Income	46,000	175,317	336,000	189,344	204,000
18.	Insurance Settlements	-	-	-	-	-
19.	Commission Income	-	10,606	-	11,454	400,000
20.	Gain/(Loss) on sale of property	-	3,918	-	4,231	5,000
21.	TOTAL OPERATING INCOME	12,129,019	10,942,837	13,580,000	11,818,267	13,140,426
22.	OPERATING EXPENSES:					
23.	Interest on Regular Deposits	914,692	1,021,185	1,052,000	1,072,244	1,126,000
24.	Interest on Fixed Deposits	750,746	766,169	864,000	804,477	845,000
25.	Bad Debt Expense	1,334,000	891,919	697,000	936,515	983,000
26.	Salaries and Overtime	2,557,000	2,537,950	2,711,000	2,614,088	2,692,000
27.	N.I.B., Medical and Pension	555,000	585,651	588,000	627,455	653,000
28.	Staff Benefits, Uniforms and Meetings	161,000	109,304	171,000	116,877	123,000
29.	Staff Training and Conferences	58,000	30,849	62,000	41,002	42,000
30.	Staff Travel	21,000	23,021	22,000	25,000	26,000
31.	Depreciation - Furn. and Equip.	150,000	82,985	150,000	87,134	91,000
32.	General and Automobile Insurance	152,000	118,425	157,000	124,346	131,000
33.	Legal, Audit and Professional fees	152,000	221,538	152,000	232,615	245,000
34.	VAT Expense	142,000	41,017	142,000	43,067	43,067
35.	Equipment Maintenance	155,000	199,208	155,000	209,168	219,000

36.	Office Supplies	84,000	81,128	84,000	85,184	88,000
37.	Armoured car services	62,000	103,046	62,000	108,198	114,000
38.	Depreciation - Automobiles	26,000	23,316	26,000	24,482	26,000
39.	Automobile maintenance and gas	19,000	23,198	14,000	24,358	26,000
40.	Bank and investment charges	110,000	481,154	110,000	113,808	120,000
41.	Courier and postage fees	31,000	28,809	31,000	30,249	32,000
42.	Teller's Allowances	80,000	5,709	80,000	5,995	7,000
43.	LP/LS and Deposit Insurance	530,000	554,881	689,000	564,237	592,000
44.	Bond Insurance	36,000	32,160	38,000	33,768	35,000
45.	Utilities	275,000	264,274	284,000	277,488	291,000
46.	Depreciation - Buildings	513,000	350,659	479,000	368,192	386,000
47.	Building Maintenance	184,000	349,521	330,000	366,997	386,000
48.	Building Security	30,000	36,369	54,000	38,188	40,000
49.	Property Tax	65,000	265,591	65,000	278,871	82,000
50.	Disaster Recovery - DATO	21,000	(17,371)	22,000	-	-
51.	Board - Travel	3,000	4,224	10,000	4,435	10,000
52.	Board - International Conferences	5,000	-	15,000	-	-
53.	Board - Training and Local Conferences	2,000	6,540	7,000	6,867	10,000
54.	Board - Out-of-pocket expenses	50,880	50,750	54,600	44,520	54,600
55.	Board and Committee Meetings	5,000	8,992	10,000	9,441	10,000
56.	Supervisory Committee - Travel	2,500	-	5,000	2,500	6,000
57.	Supervisory Committee - Training and Conferences	2,500	-	6,000	3,500	6,000
58.	Supervisory Committee - Out-of-pocket expenses	11,100	11,100	12,600	11,100	12,600
59.	Credit Committee - Training and Conferences	-	-	5,000	-	5,000
60.	Credit Committee - Out-of-pocket expenses	11,100	11,100	12,600	11,100	12,600
61.	Other Committee - Training and Conferences	-	-	4,000	-	2,000
62.	AGM	30,000	39,926	40,000	30,000	40,000
63.	Anniversary Activities	9,000	4,188	10,000	9,000	10,000
64.	Stabilization fees	63,000	63,765	69,000	63,000	66,000
65.	Directors and officers' insurance	9,000	8,327	9,000	8,744	9,000
66.	Membership - Training and education	1,500	-	8,000	-	8,000
67.	Depreciation - Computer software	161,000	97,010	128,000	101,860	107,000
68.	Maintenance - Computer systems	12,000	149,860	12,000	157,353	165,000
69.	Software - System maintenance	63,400	119,686	63,400	125,671	132,000
70.	Software - System security	92,000	106,555	92,000	111,882	117,000
71.	Software - General applications	157,000	508,194	157,000	533,603	560,000
72.	Software - Department applications	12,010	86,336	12,010	90,653	95,000
73.	Computer supplies	26,000	17,496	29,000	18,371	19,000
74.	Depreciation - Computer hardware	394,000	339,427	387,000	356,398	374,000
75.	Internet	220,000	184,496	203,000	193,721	203,000

76.	Advertising and promotion	45,000	28,959	40,000	30,407	32,000
77.	Marketing and Membership Drive	20,000	41,109	25,000	20,000	30,000
78.	Donations	13,000	6,765	13,000	20,000	15,000
79.	Contributions to Junior Co-operatives	-	-	-	-	-
80.	TOTAL OPERATING EXPENSES	10,589,428	11,106,466	10,730,210	11,218,128	\$11,554,867
81.	FINANCIAL NET INCOME / (LOSS)	1,539,591	(163,629)	2,849,790	600,139	\$1,585,559
82.	INVESTMENT PROPERTY					
83.	Rental Income and CAM charges	736,000	1,014,204	809,000	1,094,801	1,182,000
84.	Rental Provisioning	-	(16,893)	-	(18,244)	(20,000)
85.	PROPERTY EXPENSES					
86.	Dep. Investment properties	672,000	617,621	739,000	648,502	681,000
87.	Investment property expenses	644,000	578,723	706,000	607,659	638,000
88.	Total PROPERTY Expenses		1,196,344	1,445,000	1,256,161	\$1,319,000
		1,316,000				
89.	NET INCOME/(LOSS) PROPERTY	(580,000)	(199,034)	(636,000)	(179,604)	(157,000)
90.	NET INCOME/(LOSS)	959,591	(362,662)	2,213,790	420,535	\$1,428,559
91.	(Increase)/Decrease in valuation reserve	-	393,650	-	-	-
92.	2024 Dividends	-	-	-	-	-
93.	TOTAL COMPREHENSIVE INCOME	959,591	30,988	2,213,790	420,535	\$1,428,559

# **RESOLUTIONS**

### **RESOLUTION 1**

#### **2024 INTEREST PAYMENT**

**WHEREAS** the audited accounts for 2024 indicate that there are sufficient funds to provide a cash interest to shareholders of the Teachers and Salaried Workers Cooperative Credit Union Limited, and

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

**BE IT RESOLVED** that this Annual General Meeting approves payment of One and a Quarter Percent (1.25%) Interest on Regular Share (RS) Deposits; One Half Percent (0.50%) Interest on Regular Master Shares/Master Share 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 Regular Deposit Accounts (D1); One Half Percent (0.50%) Interest on Share (Savings) Deposit (SD).

### **RESOLUTION 2**

#### **APPOINTMENT OF AUDITORS**

**BE IT RESOLVED** that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2025.

#### **RESOLUTION 3**

#### **REMUNERATIONS**

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

**WHEREAS**, Section 58 of the Act provides for directors and members of a committee to be paid any remuneration, 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 Six Hundred, and Fifty dollars (\$650.00) each per month, in arrears, until the next annual general meeting in 2026.

### Part (ii) Supervisory and Credit Committee Members

(a) The remuneration for Supervisory Committee and Credit Committee members be fixed and ratified at Three Hundred and Fifty Dollars (\$350.00) each per month, in arrears until the next annual general meeting in 2026.

# Part (iii) Nominations Committee Members

(a) The remuneration for Nominations Committee members be fixed and ratified at Three Hundred and Fifty Dollars (\$350.00) each annum, in arrears until the next annual general meeting in 2026.

### **RESOLUTION 4**

### **ESTABLISHMENT OF A STANDING NOMINATIONS COMMITTEE**

**BE IT RESOLVED** that the Nominations Committee become a Standing Committee consisting of three members, with the membership to be rotated annually. This transition shall commence during the 2025 Annual General Meeting.

**WHEREAS** Section XV Termination of Office Subsection 48. (7) of the Byelaws be amended to "Nominations committee members are elected for a term of three years, rotated annually".

# SUPERVISORY COMMITTEE MATTERS – AGM 2024 DIRECTIVES – FORENSIC AUDIT – HLB BAHAMAS

### EXECUTIVE SUMMARY DATED NOVEMBER 15<sup>TH</sup>, 2024:

### **O**BJECTIVE

This forensic review performed by HLB Bahamas, assesses the TSWCCUL internal control weaknesses, adherence to policies, and operational risks within the credit union, focusing on teller and loan operations, compliance, and risk management within the board and senior management functions. Additional data analysis has revealed further systemic vulnerabilities impacting transaction integrity, member privacy, and security.

### **KEY FINDINGS**

### A. Internal Control Weaknesses:

- > Segregation of Duties: Inadequate separation between job functions, especially with tellers accessing dormant accounts and approving overrides, has increased fraud risks.
- ➤ Preventative IT Controls: Systems allowed unauthorized transactions and lacked controls to prevent inappropriate access and self-approval of overrides. Over 43,000 overrides were approved by tellers for dormant accounts from 2019 to 2024.
- Monitoring Deficiencies: Insufficient oversight of transaction activity and inadequate use of system fields for tracking have left potential risks unaddressed.

### B. Policy and Procedure Gaps:

- Inconsistent Policy Adherence: Staff routinely bypasses policies, especially in cash handling and transaction approval, creating financial risks.
- Outdated and Underutilized System Features: Lack of use of system data fields to log detailed transaction information, joint account holder actions, and transaction reversals limit the system's effectiveness in fraud prevention.
- > Training and Awareness Gaps: Limited and inconsistent training has led to repeated errors, including mismanagement of sensitive member data and improper transaction handling.

# C. System Security and Monitoring Issues:

- 1. **Insufficient Data Controls**: Missing data fields for transaction deletions and member privacy issues indicate reliable and secure records vulnerabilities.
- 2. **Lack of Continuous Monitoring**: The absence of real-time monitoring and audit trails increases the potential for undetected unauthorized access and fraud.
- 3. **Weak Data Integrity**: Missing transaction IDs, unexplained data changes, and inconsistent member data usage compromise data integrity and reliability.

### D. Major Risks

- 1. <u>Fraud and Misappropriation:</u> Systemic weaknesses in transaction monitoring and staff access controls elevate the risk of fraud.
- 2. <u>Data Privacy and Compliance:</u> Handling of member data (e.g., transactions post-purge requests) could lead to noncompliance with regulatory standards like the General Data Protection Regulation (GDPR).1
- 3. <u>Financial and Reputational Impact:</u> Persistent control issues and data mismanagement expose TSW to financial loss and reputational damage.

### E. Recommendations

### 1. Enhance IT and Data Controls:

- a. Implement robust, real-time monitoring solutions to detect unauthorized activities, including continuous tracking and audit trails for all transactions.
- b. Automate reporting of overrides and implement system restrictions to prevent self-approval for dormant accounts.

# 2. Update Policies and Utilize System Features:

- a. Regularly review policies to incorporate preventative measures, including using data fields for transaction logging, tracking joint party actions, and marking reversals.
- b. Ensure all changes to member accounts, especially in sensitive cases, are logged for audit and compliance.

# 3. **Prioritize Training and Retention Initiatives:**

- a. Increase teller training frequency to address policy adherence, cash handling, and compliance.
- b. Offer competitive compensation to retain skilled staff and reduce turnover-driven control lapses.

### 4. <u>Immediate Action on Continuous Monitoring:</u>

a. Implement a continuous monitoring solution with customizable alerts, detailed audit trails, and real-time reporting to secure system integrity and compliance.

### F. Enterprise Risk Assessment

- 1. <u>Financial Risk: "Moderate to high"</u>, primarily due to inherent weaknesses in the system platform, internal controls, lack of effective support for the Internal Audit Department, and workforce weaknesses, which could affect liquidity. There is also some concern that the company's general ledger system has information gaps and may not correctly reflect the transactions and the company's assets and liabilities.
- 2. <u>Operational Risk:</u> "<u>High"</u>, considering the scale and complexity of operations, which necessitate stringent control mechanisms and advanced technological support. The operations also require an integrated software system capable of managing many small transactions and maintaining an effective audit trail.

### F. Enterprise Risk Assessment Cont'd

3. <u>Regulatory Risk:</u> "<u>High"</u>, as ongoing compliance with various prudential laws and enhanced regulations by the Central Bank of The Bahamas poses continual challenges and exposes the company to potential regulatory penalties. We refer to recent public reports of unauthorized withdrawals, deleted

transactions, and inherent system limitations.2 Because of a lack of information received, we cannot quantify the extent of the deleted and purged transactions.

### **CONCLUSION**

The review highlights critical weaknesses in TSW's internal controls, IT systems, and procedural adherence. Addressing these vulnerabilities through enhanced controls, continuous monitoring, and effective use of system features will strengthen TSW's resilience against operational, financial, and reputational risks.

# SUPERVISORY COMMITTEE MATTERS – AGM 2024 DIRECTIVES – BCP TESTING - PREVENTIVE MEASURES

# **EXECUTIVE SUMMARY DATED MARCH 27, 2025:**

The TSWCCUL engaged Preventive Measures, President Gamal Newry, who performed a comprehensive evaluation of Teachers & Salaried Workers Co-Operative Credit Union Limited TSWCCUL's **Business Continuity Plan (BCP) and Information Technology Recovery Plan (ITRP)**, developed in alignment with the Central Bank of The Bahamas' Business Continuity Guidelines for Financial Institutions (May 2007).

The assessment performed is based on a review of documented plans, a practical tabletop exercise simulating a cybersecurity event, and a series of post-exercise activities designed to improve institutional resilience and compliance.

As part of the first phase of the Testing and Exercising process, conducted during the week of November 10, 2024, a review was conducted of the Business Continuity Plan (BCP) and Incident Response Plan (IRP), identifying key performance gaps. These gaps included outdated documentation, insufficient awareness of continuity roles among Unit Heads, and a lack of formalized recovery strategies.

Subsequently, a scenario-based tabletop exercise was conducted on November 29, 2024. The exercise simulated a cyberattack that disrupted access to member data and online services, allowing management to assess their incident response coordination, communication protocols, and decision-making capabilities in real time. The tabletop exercise was also used to validate findings from the previously conducted plan reviews.

The report provided by "Preventive Measures" consolidates findings from the plan review, the tabletop exercise, and the matrix assignment. It outlines key recommendations and assigns responsibilities to executive roles, including the Board, General Manager, Risk Manager, IT Manager, Business Continuity Coordinator, and Internal Auditor—to ensure that business continuity becomes a sustainable, well-governed practice at TSWCCUL.

#### SUMMARY OF KEY FINDINGS ACROSS ALL CRITERIA:

With both the Business Continuity and IT Recovery Plan reviews, several cross-cutting themes were identified:

- Outdated documentation: Neither the BCP nor the ITRP has been formally updated in over two years.
- 2. **Unclear recovery roles**: The execution responsibilities for recovery actions are not well-defined.
- 3. Lack of formal training and awareness: There is no evidence of recurring training or rolespecific simulations.
- 4. **Absence of communication plans**: No predefined stakeholder messaging or communication strategy exists.
- 5. **No testing:** Testing has been minimal and lacks documentation and structured follow-up.

These themes emphasize the urgent need for the institutionalization of continuity management as a strategic and operational priority.

# FINAL RECOMMENDATIONS

- A. Appoint dedicated coordinators for both BCP and IT recovery efforts.
- B. Separate documentation of Business Continuity and IT Recovery Plans.
- C. Conduct formal BIAs and Risk Assessments as a foundation for strategic response.
- D. Develop role-based training and communication protocols.
- E. Test all plans through scenario-based exercises and document outcomes.
- F. Update infrastructure and backup solutions based on validated performance data

The following rating scale was applied to all BCP and ITRP review criteria:

- a) \*\*Excellent\*\* Fully compliant and routinely tested.
- b) \*\*Good\*\* Generally compliant with minor gaps.
- c) \*\*Fair\*\* Partially compliant, some significant areas lacking.
- d) \*\*Poor\*\* Major deficiencies and non-compliance.

### **TABLE OVERVIEW**

	Preventive Measures								
	Teachers and Salaried Workers Co-operative Credit Union Limited								
	Testing and Exercising of the Business Continuity Plans								
	Report Date: 3/27/2025								
#	Area Tested	Ratings Results	Findings	Recommendations					
1	Plan Documentation and Organization	<u>Poor</u>	i. Plan has not been updated in over two years.	i. Update the BCP immediately.					
			ii. Crisis Management Plan lacks definition and detail.	ii. Develop a standalone, detailed Crisis Management Plan.					
			iii. Unclear recovery strategy execution roles.	iii. Clearly define all recovery roles and complete all appendices.					
			iv. Incomplete appendices and documentation.						
2	Risk Assessment and Business Impact Analysis	Poor	i. No recent or formal Business Impact Analysis (BIA).	i. Conduct a comprehensive BIA and risk assessment.					
-	(Central Bank BCM Guideline as outlined	1001	ii. No documented risk assessment for critical functions.	ii. Use findings to prioritize recovery efforts.					
	under key principles of the 2007 Guidelines)								
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3	Incident Response and Emergency	<u>Poor</u>	i. Incident response triggers are unclear.	i. Define triggers, responsible persons, and escalation processes.					
	Management (Central Bank BCM Guideline as		ii. No scenario-specific procedures for natural disasters (e.g.,	ii. Include hurricane and other hazard-specific procedures.					
	outlined under key principles of the 2007		hurricanes).						
	Guidelines)		iii. Local Incident Management Team (LIMT) roles undefined.						
-	la								
4	Business Recovery and Continuity Strategies	<u>Fair</u>	i. Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) established.	i. Assign personnel to each recoverable function.     ii. Create procedural guides/playbooks for recovery execution.					
			ii. Execution roles not clearly assigned.	ii. Create procedural guides/playbooks for recovery execution.					
			ii. Exceution foles not clearly assigned.						
5	Communication and Stakeholder Engagement	Poor	i. No documented communication plan or stakeholder	i. Develop formal communication protocols and message					
	(Central Bank BCM Guideline as outlined		directory.	templates.					
	under key principles		ii. No predefined messaging or scripts.	ii. Identify responsible communicators and stakeholder groups.					
	of the 2007 Guidelines)								
6	Training and Awareness Programs (Central	<u>Poor</u>	i. No formal BCP training documented.	i. Establish regular training and simulation exercises for all key					
	Bank BCM Guideline as outlined under key		ii. LIMT members not trained in crisis response or incident	roles.					
	principles of the 2007 Guidelines)		management.						
-	duideililes								
7	Plan Maintenance and Testing (Central Bank	Poor	i. No documented plan tests or reviews.	i. Conduct annual tabletop and simulation testing.					
1	BCM Guideline as outlined under key		ii. Scenario-based testing has not been conducted.	ii. Document outcomes and incorporate lessons learned.					
	principles of the 2007								
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### **TABLE OVERVIEW**

# Preventive Measures Teachers and Salaried Workers Co-operative Credit Union Limited Testing and Exercising of the IT Recovery Plans Report Date: 3/27/2025

	A T	Dating Danilla	et.dt	Barraman darkara
#	Area Tested	Ratings Results	Findings	Recommendations
1	IT Governance and Oversight	<u>Fair</u>	i. Last updated over four years ago.	i. Separate IT recovery plan from BCP.
			ii. IT and BCP functions are conflated in a single document.	ii. Update all sections and align terminology.
			iii. Appendices are incomplete and terminology inconsistent.	iii. Complete and validate appendices.
2	Identification of Critical IT Assets and Systems	Good	i. IT assets are documented but require current validation.	i. Update asset inventory based on current environment and
				dependencies.
3	Risk Assessment and Business Impact Analysis	Poor	i. No documented BIA or IT-specific risk analysis.	i. Conduct and document IT-specific risk assessment and BIA.
	(Central Bank BCM Guideline as outlined	<u> </u>	in the decamenced sixter in specime risk analysis.	a conduct and document in specime risk assessment and sin a
	under key principles of the 2007 Guidelines)			
	under key principles of the 2007 Guidelines)			
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4	Incident Response and Emergency	Fair	i No clarity on recogness triggers or communication flows	i. Define IT-specific incident triggers and response hierarchy.
4		<u>Fair</u>	i. No clarity on response triggers or communication flows.	i. Define 11-specific incident triggers and response hierarchy.
	Management (Central Bank BCM Guideline as		ii. LIMT responsibilities not documented.	
	outlined under key principles of the 2007			
	Guidelines)			
5	IT Recovery Strategy Development (Central	<u>Good</u>	i. RTOs and RPOs defined but unclear execution roles.	i. Develop and implement stakeholder engagement and
	Bank BCM Guideline as outlined under key			communication plan.
	principles of the 2007			
	Guidelines)			
6	Communication and Stakeholder Engagement	Poor	i. No formal communication process or scripts in place.	i. Establish regular training and simulation exercises for all key
	(Central Bank BCM Guideline as outlined			roles.
	under key principles			
	of the 2007 Guidelines)			
	of the 2007 duidennes)			
7	IT Staff Training and Awareness Programs	Poor	i. No evidence of IT disaster recovery training or awareness	i. Train LIMT and IT staff in disaster procedures and systems
•	(Central Bank BCM Guideline as outlined	1001	, ,	·
	,		programs.	recovery.
	under key principles of			
	the 2007 Guidelines)			
	Tasting and Validation of IT Decays - No.	Door	: No tools or do supportation of providers tools and formation	Conduct to blaton and functional testing your deal.
ŏ	Testing and Validation of IT Recovery Plans	<u>Poor</u>	i. No tests or documentation of previous tests performed.	i. Conduct tabletop and functional testing regularly.
9	Cybersecurity Integration	Fair	i. Cybersecurity measures are in place but outdated.	i. Update and test security components relevant to disaster
,	Cybersecurity integration	<u>tun</u>	cysersecurity measures are in place but outdated.	
				recovery.
10	Backup and Restore Procedures	Fair	i. No evidence of IT disaster recovery training or awareness	i. Train LIMT and IT staff in disaster procedures and systems
10	backup and Restore Procedures	Fair	, ,	·
			programs.	recovery.
_	la			
11	Disaster Recovery Infrastructure and Tools	<u>Fair</u>	i. Infrastructure is outlined but needs updates and validation.	i. Audit tools and infrastructure to ensure performance and
	1			scalability.

