Financial Statements of

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED

For the year ended December 31, 2023

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Financial Statements

December 31, 2023

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NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Financial Position

As at December 31, 2023
(Expressed in Bahamian dollars)

	Notes	2023	2022
ASSETS			
Cash and cash equivalents	***5***	$ 5,613,390	$ 5,641,146
Deposits and short-term investments	***6***	5,108,077	5,030,257
Other assets	***7***	944,024	960,546
Deposits with the League	***8***	14,957,095	14,465,409
Financial investments	***9***	9,274,760	9,153,358
Loans receivable	***10, 23***	27,502,074	27,516,857
Investment properties	***11***	654,676	697,914
Property and equipment	***12***	4,850,492	4,763,168
TOTAL ASSETS		$68,904,588	$68,228,655
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Other liabilities	***13***	$ 774,823	$ 673,800
Lease liability	***14.2***	562,710	376,412
Members and other deposits	***15, 23***	63,637,098	63,743,381
Total liabilities		64,974,631	64,793,593
MEMBERS' EQUITY			
Qualifying shares	***16, 23***	2,093,532	1,544,646
Statutory reserve fund	***17(i)***	4,295,784	4,295,784
Fair value reserve	***17(ii)***	605,766	514,963
Revaluation reserve	***12***	154,517	154,517
Accumulated deficit		(3,219,642)	(3,074,848)
Total members' equity		3,929,957	3,435,062
TOTAL LIABILITIES AND MEMBERS' EQUITY		$68,904,588	$68,228,655

See notes to the financial statements.

These financial statements were approved on behalf of the Board and authorized for issue on April 18, 2024, and signed on its behalf by:

Leo A. Douglas
Chairman

Anna F. Colebrooke
Treasurer

Darrin M. Woods
Secretary

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	Notes	2023	2022
INTEREST INCOME			
Loan interest income	***18, 23***	$ 2,978,821	$ 3,141,095
Investment interest income	***19***	546,105	534,526
Interest on deposits with the League	***8***	210,440	206,613
Total interest income		3,735,366	3,882,234
INTEREST EXPENSE			
Deposit interest expense	***20, 23***	995,563	1,252,626
Total interest expense		995,563	1,252,626
NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT		2,739,803	2,629,608
Increase in provision for loan impairment	***10***	(76,637)	(2,309,340)
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT		2,663,166	320,268
Other income	***21***	884,119	735,527
NET INTEREST AND OTHER INCOME		3,547,285	1,055,795
OPERATING EXPENSES			
Personnel	***22, 23***	1,885,355	1,893,433
Occupancy	***22***	469,925	385,786
Depreciation	***22***	415,099	345,370
Members' security	***22***	285,941	304,679
General business	***22***	399,896	260,841
Computer expense	***22***	111,996	104,753
Organizational	***22***	98,617	91,619
Marketing	***22***	25,250	41,641
Total operating expenses		3,692,079	3,428,122
LOSS FOR THE YEAR		(144,794)	(2,372,327)
OTHER COMPREHENSIVE INCOME			
Item that may be subsequently reclassified to profit or loss:			
Fair value change on equity securities	***17(ii)***	90,803	15,422
TOTAL COMPREHENSIVE LOSS		$ (53,991)	$ (2,356,905)

See notes to the financial statements.

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Changes in Members' Equity

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	Notes	Qualifying Shares	Statutory Reserve Fund	Fair Value Reserve	Revaluation Reserve	Accumulated Deficit	Total
Balance as at December 31, 2021		**$ 1,434,716**	**$ 4,295,784**	**$ 499,541**	**$ 154,517**	**$ (702,521)**	**$ 5,682,037**
Comprehensive loss for the year							
Loss for the year		-	-	-	-	(2,372,327)	(2,372,327)
Fair value profit on marketable securities	***17(ii)***	-	-	15,422	-	-	15,422
Total comprehensive loss for the year		-	-	15,422	-	(2,372,327)	(2,356,905)
Transactions with members							
Net increase in membership	***16***	109,930	-	-	-	-	109,930
Total transactions with members		109,930	-	-	-	-	109,930
Balance as at December 31, 2022		**1,544,646**	**4,295,784**	**514,963**	**154,517**	**(3,074,848)**	**3,435,062**
Comprehensive loss for the year							
Loss for the year		-	-	-	-	(144,794)	(144,794)
Fair value profit on marketable securities	***17(ii)***	-	-	90,803	-	-	90,803
Total comprehensive loss for the year		-	-	90,803	-	(144,794)	(53,991)
Transactions with members							
Net increase in par value per share	***16***	548,886	-	-	-	-	548,886
Total transactions with members		548,886	-	-	-	-	548,886
Balance as at December 31, 2023		**$ 2,093,532**	**$ 4,295,784**	**$ 605,766**	**$ 154,517**	**$ (3,219,642)**	**$ 3,929,957**

See notes to the financial statements.

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Cash Flows

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Cash flows from operating activities:		
Net loss for the year	$ (144,794)	$ (2,372,327)
Adjustment for items not affecting cash:		
Interest income	(3,735,366)	(3,882,234)
Interest expense	995,563	1,252,626
Provision for loan impairment	151,478	2,404,350
Depreciation	415,099	345,370
	(2,318,020)	(2,252,215)
Changes in operating assets and liabilities:		
Interest received	3,245,070	3,329,056
Interest paid	(1,084,686)	(1,253,312)
Decrease/(increase) in other assets	16,522	(346,275)
Net (increase)/decrease in loans receivable	(135,509)	203,312
Increase in other liabilities	101,023	126,863
(Decrease)/increase in members and other deposits	(106,283)	2,156,731
Net cash (used in)/provided by operating activities	(281,883)	1,964,160
Cash flows from investing activities:		
Acquisition of financial investments	-	(530,700)
Acquisition of investment properties	-	(6,500)
Acquisition of property and equipment	(109,023)	(186,380)
Net cash used in investing activities	(109,023)	(723,580)
Cash flows from financing activities:		
Net issuance to qualifying shares	548,886	109,930
Principal paid on lease liabilities	(185,736)	(99,592)
Net cash provided by financing activities	363,150	10,338
Net (decrease)/increase in cash and cash equivalents	(27,756)	1,250,918
Cash and cash equivalents, beginning of year	5,641,146	4,390,228
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,613,390	$ 5,641,146
Supplemental cash flow information:		
Dividends received	$ 20,523	$ 21,761

See notes to the financial statements.

1. INCORPORATION AND ACTIVITIES

The National Workers Co-operative Credit Union Limited (the "Credit Union") was established in 1976 under the provisions of The Commonwealth of The Bahamas Cooperative Societies Act, 2005 (the "2005 Act").

On May 12, 2015, the government enacted The Bahamas Co-operative Credit Unions Act, 2015 (the "2015 Act") which superseded the 2005 Act. Under the 2015 Act, The Central Bank of The Bahamas is responsible for the administration of all co-operative credit unions. Effective June 1, 2015, the Credit Union was granted a Certificate of Continuance by The Central Bank of The Bahamas to continue as a co-operative credit union.

The Credit Union's primary purpose is to:

- Promote thrift among its members by affording them an opportunity to accumulate savings.
- Create for its members a source of credit for provident or productive purposes at reasonable rates of interest.
- Provide the opportunity for members to use and control their money for their mutual benefit in accordance with co-operative principles.

The Credit Union is affiliated with The Bahamas Co-operative League Limited (the "League") and The Caribbean Confederation of Credit Union.

The registered office of the Credit Union is located on Tonique Williams-Darling Highway, Nassau, The Bahamas.

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 POLICIES

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

a) ***Statement of compliance*** – The Credit Union's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

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) *Amended standards effective January 1, 2023*
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 these amendments may not have a significant impact on the Credit Union's financial statements in future periods.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

d) ***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.

e) ***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 in banks and short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

f) ***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.

g) ***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.

h) ***Other receivables and prepayments*** – Other receivables and prepayments 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.

i) ***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.

j) ***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.

k) ***Financial instruments*** – A financial instrument is any contract that gives rise to both a financial asset of one enterprise and financial liability or equity of another enterprise.

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

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

k) ***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.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

k) ***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.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

k) ***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.

l) ***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.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

l) ***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.

m) ***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) to five (5) 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.

n) ***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 12).

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

n) ***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.

o) ***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	-	30 years
Building improvements	-	5 years
Leasehold improvements	-	5 years
Furniture and equipment	-	5 years
Computer hardware and software	-	5 years
Automobiles	-	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.

p) ***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

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

q) ***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.

r) ***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 10 qualifying shares with a par value of $5 each for an equivalent qualifying share value of $50. These shares entitle each member to 1 vote at the annual general meetings.

s) ***Statutory reserve*** – This reserve is set up in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015 set out in Note 2(a) to the financial statements. The proceeds of this reserve are deposited with the League and are not available for distribution.

t) ***Fair value reserve*** – Fair value reserve represents increases or decreases in the fair values of equity financial investments at FVTOCI reported directly in equity.

u) ***Statutory reserve*** – This reserve is set up in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015 set out in Note 2(a) to the financial statements. The proceeds of this reserve are deposited with the League and are not available for distribution.

v) ***Fair value reserve*** – Fair value reserve represents 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 26).

y) ***Interest income and expense recognition*** – Interest income and expense are recognized in the statement of comprehensive income for all instruments measured at amortized cost using the effective interest method. Loan origination fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loans. Loan interest income is not recognized on loans that are past due for periods exceeding 90 days.

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset 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.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

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.

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 a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

a) Expected Credit Losses

The Credit Union measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for debt investment securities that are determined to have low credit risk at the reporting date and loans and advances where credit risk has not increased significantly since their initial recognition. In particular, management judgement is required in the estimate of whether credit risk of an instrument has increased significantly, inputs into the ECL quantitative model and in the use of forward-looking information.

The Credit Union assesses whether credit risk on a financial asset has increased significantly considering reasonable and supportable information since initial recognition in order to determine whether a 12-month ECL or lifetime ECL should be recognized. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Credit Union's historical experience and expert credit assessment.

b) Property and Equipment

Depreciation methods, useful lives and residual values require estimation and are reviewed annually and adjusted if appropriate.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Interest Rate	2023	2022
Cash on hand	N/A	$ 848,535	$ 548,457
Non-interest bearing accounts	0.00%	1,797,377	2,299,487
Interest bearing accounts	1.25%	2,967,478	2,793,202
		$ 5,613,390	$ 5,641,146

The Credit Union has an overdraft facility for the Freeport Branch with one of its Bankers in the amount of $85,000, that bears interest at the rate of Bahamas Prime plus 2.5% (effective interest rate 6.75%) per annum and which at the end of the reporting period was unused.

During the year, the Credit Union established a customs bond facility for the Freeport Branch with another one of its bankers in the amount of $10,000. Both of these facilities are secured by the hypothecation of fixed deposits in Note 6 below.

6. DEPOSITS AND SHORT-TERM INVESTMENTS

Deposits and short-term investments are comprised of the following:

	Interest Rate	2023	2022
Fidelity Bank Bahamas Limited	2.00%-2.50%	$ 4,955,619	$ 4,887,891
Scotiabank (Bahamas) Limited	0.03%-0.08%	142,458	142,366
Bank of the Bahamas Limited	2.50%	10,000	-
		5,108,077	5,030,257
Restricted (Note 5)		(95,000)	(85,000)
		$ 5,013,077	$ 4,945,257

The restricted deposits represent amounts hypothecated for the overdraft and customs bond facilities at the Freeport Branch in Note 5 above.

7. OTHER ASSETS

Other assets represent the following:

	2023	2022
Prepaid expenses	$ 259,897	$ 286,127
Investment interest receivable	301,442	265,313
Accounts receivable and refundable	219,146	245,567
Other assets	131,425	131,425
Vault difference	32,114	32,114
	$ 944,024	$ 960,546

8. DEPOSITS WITH THE LEAGUE

Deposits with the League are comprised of the following:

	Interest Rate	2023	2022
Statutory reserve deposits *(i)*	1.44%		
Balance, beginning of year		$ 7,626,217	$ 7,517,381
Interest earned during the year		110,412	108,836
Balance, end of year		7,736,629	7,626,217
Liquidity reserve deposits *(ii)*	1.44%		
Balance, beginning of year		6,839,192	6,741,415
Interest earned during the year		99,195	97,777
Balance, end of year		6,938,387	6,839,192
Dormant account deposits	1.00%		
Deposit for dormant accounts (Note 13)		281,246	-
Interest earned during the year		833	-
Balance, end of year		282,079	-
TOTAL DEPOSITS AT THE LEAGUE		$ 14,957,095	$ 14,465,409
Total interest earned during the year		$ 210,440	$ 206,613

i) ***Statutory reserve deposits*** – Section 65(1) of the Act requires that annual amounts be transferred from retained earnings to the statutory reserves, before the payment of dividends. The proceeds of this reserve are held at the League. At the end of the reporting period, the surplus in the statutory reserve fund is as follows:

	2023	2022
Statutory reserve deposits with the League	$ 7,736,629	$ 7,626,217
Requirement (10% of total assets)	(6,890,459)	(6,822,866)
Surplus in statutory reserve deposits	$ 846,170	$ 803,352

ii) ***Liquidity reserve deposits*** – Section 65(2) of the Act stipulates that not less than 10% of the Credit Union's members' deposits are kept in a "liquidity reserve fund". The proceeds of the liquidity reserve fund are deposited with the League. At the end of the reporting period, the surplus in the liquidity reserve fund is as follows:

	2023	2022
Liquidity reserve deposits with the League	$ 6,938,387	$ 6,839,192
Requirement (10% of members' deposits)	(6,363,710)	(6,374,338)
Surplus in liquidity reserve deposits	$ 574,677	$ 464,854

9. FINANCIAL INVESTMENTS

Financial investments are comprised of the following:

		2023	2022
Debt securities - Amortized cost	Interest Rate (%)		
Bahamas Government Registered Stocks:			
Maturing in 2024	4.500	$ 3,700	$ 3,700
Maturing in 2025	4.531	102,000	102,000
Maturing in 2030	5.900	1,000,000	1,000,000
Maturing in 2032	5.432	500,000	500,000
Maturing in 2033	5.400	2,000,000	2,000,000
Maturing in 2037	4.875	200,000	200,000
Maturing in 2040	5.300	425,900	425,900
Maturing in 2041	6.000	400,000	400,000
Maturing in 2050	5.290 - 6.250	3,049,900	3,049,900
Total Bahamas Government Registered Stocks		7,681,500	7,681,500
Corporate Bonds:			
Bahamas First Holdings Limited Series II (Oct-2025)	6.250	100,000	100,000
Total Corporate Bonds		100,000	100,000
Total debt securities		7,781,500	7,781,500
Equity securities - FVTOCI			
Quoted investments:			
CFAL Money Market Investment Fund A		785,290	733,281
Freeport Oil Holdings Company Limited		342,000	286,560
Famguard Corporation Limited		88,200	78,540
Emera Incorporated		42,409	42,683
CFAL Balanced Fund Limited		37,211	35,044
		1,295,110	1,176,108
Unquoted investments:			
FOCOL Holdings Limited Preference Shares B prime plus 1.75%		88,000	88,000
The Bahamas Co-operative League Limited		66,950	64,550
FOCOL Holdings Limited Preference Shares A prime plus 1.75%		43,200	43,200
		198,150	195,750
Total equities securities		1,493,260	1,371,858
Total		$ 9,274,760	$ 9,153,358

10. LOANS RECEIVABLE

The Credit Union has a lien on the shares, deposits and savings of all members with outstanding loan balances. Interest is charged at various rates per month on the outstanding principal balance of members' loans over the term of the loan. The rate of interest charged is based on the type of loan. In most instances, loans are repaid via salary deductions, which are established at the time the various loans are granted.

a) Loans receivable after provision for credit losses consist of the following:

	2023	2022
Consumer	$ 17,174,153	$ 16,745,588
Mortgage	5,035,077	5,520,194
Debt consolidation	4,666,365	3,930,475
Revolving line of credit	4,287,271	4,916,352
Auto	151,120	52,519
Loans in collection	46,206	59,555
	31,360,192	31,224,683
Interest receivable	876,662	875,476
	32,236,854	32,100,159
Less: allowance for credit losses	(4,734,780)	(4,583,302)
	$ 27,502,074	$ 27,516,857

b) The movement of loans receivable during the year is as follows:

	2023	2022
Balance, beginning of year	$ 31,224,683	$ 31,427,995
Add: disbursements during the year	5,809,878	5,985,269
	37,034,561	37,413,264
Less: repayments and transfers during the year	(5,674,369)	(6,188,581)
	31,360,192	31,224,683
Interest receivable	876,662	875,476
	32,236,854	32,100,159
Less: allowance for credit losses	(4,734,780)	(4,583,302)
Balance, end of year	$ 27,502,074	$ 27,516,857

c) Non-accrual loans receivable consists of the following:

	2023	2022
Residential mortgages	$ 3,178,874	$ 3,401,710
Demand loans	798,120	656,730
	$ 3,976,994	$ 4,058,440

Loans receivable classified as non-accrual represent 12.68% (2022: 13.00%) of the total gross loans.

10. LOANS RECEIVABLE *(Continued)*

d) Concentration of loans receivable is as follows:

	%	2023	%	2022
$0 - $100,000	90.26	$ 28,304,661	88.84	$ 27,740,299
$100,001 - $300,000	7.47	2,341,912	8.88	2,773,256
$300,001 - $500,000	2.28	713,619	2.28	711,128
	100	31,360,192	100	31,224,683
Accrued interest receivable		876,662		875,476
Less: allowance for credit losses		(4,734,780)		(4,583,302)
		$ 27,502,074		$ 27,516,857

e) The movement on the provision for loan impairment during the year is as follows:

	2023	2022
Balance, beginning of year	$ 4,583,302	$ 2,443,224
Net provision during the year	151,478	2,404,350
Loans written-off	-	(264,272)
Balance, end of year	$ 4,734,780	$ 4,583,302
Provided for during the year	$ 151,478	$ 2,404,350
Recoveries of bad debts	(74,841)	(95,010)
Impairment losses reported in profit or loss	$ 76,637	$ 2,309,340

f) Reconciliation of Regulatory loss provision and IFRS Expected Credit Losses provision:

	2023	2022
IFRS Expected Credit losses (Note g)	$ 4,734,780	$ 4,583,302
Regulatory loan loss provision (Note h)	4,734,780	4,583,302
Difference	$ -	$ -

10. LOANS RECEIVABLE *(Continued)*

g) Impairment under IFRS:

The movement in the ECL determined under IFRS is as follows:

	12-Month ECL	Lifetime Non-credit Impaired	Lifetime Credit Impaired	Total	
	Stage 1	Stage 2	Stage 3	2023	2022
Balance, beginning of year	$ 84,623	$ 29,077	$ 4,469,602	$ 4,583,302	$ 2,443,224
Net provision during the year	2,375	(454)	149,557	151,478	2,404,350
Loans written-off	-	-	-	-	(264,272)
Balance, end of year	$ 86,998	$ 28,623	$ 4,619,159	$ 4,734,780	$ 4,583,302

h) Delinquent loans:

The loan loss provision derived below as at the reporting date is consistent with the loan loss provisioning in Regulations Section 7:

As at December 31, 2023

Days in Arrears	Number of Accounts	Delinquent Loans	Value of Security	Exposure	PEARLS Loan Loss Provision	Provision Rate
1 to 30 days	0	$ -	$ -	$ -	$ -	0%
31 to 90 days	58	532,376	178,292	354,084	123,929	35%
91 to 180 days	59	391,117	145,777	245,340	85,869	35%
181 to 365 days	61	399,901	70,901	329,000	115,150	35%
> 365 days	574	6,258,935	1,849,103	4,409,832	4,409,832	100%
	752	$ 7,582,329	$ 2,244,073	$ 5,338,256	$ 4,734,780	

As at December 31, 2022

Days in Arrears	Number of Accounts	Delinquent Loans	Value of Security	Exposure	PEARLS Loan Loss Provision	Provision Rate
1 to 30 days	28	$ 410,323	$ 186,800	$ 223,523	$ -	0%
31 to 90 days	34	274,725	95,745	178,980	62,643	35%
91 to 180 days	95	897,018	215,273	681,745	238,611	35%
181 to 365 days	213	1,814,145	595,760	1,218,385	426,435	35%
> 365 days	354	6,864,249	3,008,636	3,855,613	3,855,613	100%
	724	$ 10,260,460	$ 4,102,214	$ 6,158,246	$ 4,583,302	

11. INVESTMENT PROPERTIES

a) Investment properties consist of the following:

	Land	Building	Total
Cost			
Balance at December 31, 2021	$ 475,167	$ 1,074,442	$ 1,549,609
Additions	-	6,500	6,500
Balance at December 31, 2022	475,167	1,080,942	1,556,109
Additions	-	-	-
Balance at December 31, 2023	475,167	1,080,942	1,556,109
Accumulated depreciation			
Balance at December 31, 2021	-	814,993	814,993
Additions	-	43,202	43,202
Balance at December 31, 2022	-	858,195	858,195
Additions	-	43,238	43,238
Balance at December 31, 2023	-	901,433	901,433
Carrying value			
As at December 31, 2023	**$ 475,167**	**$ 179,509**	**$ 654,676**
As at December 31, 2022	**$ 475,167**	**$ 222,747**	**$ 697,914**

b) Details of the Credit Union's investment properties consist of the following:

	Carrying Values	
	2023	2022
Unoccupied land		
Hollywood Subdivision	$ 100,000	$ 100,000
San Salvador	70,167	70,167
Nassau Village	25,000	25,000
Total vacant properties	195,167	195,167
Rental Property - East Bay/Okra Hill		
Land	280,000	280,000
Building	179,509	222,747
Total rental properties	459,509	502,747
	$ 654,676	$ 697,914

Rental income earned from investment property during the year totaled $200,403 (2022: $117,515), which is carried in Note 21.

12. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Land	Building	Furniture and Fixtures	Leasehold Improvements	Computer System	Vehicles	Construction in Progress	Right of Use (Note 14.1)	Total
Cost									
Balance at December 31, 2021	$ 1,129,597	$ 3,079,312	$ 661,636	$ 173,211	$ 651,786	$ 85,428	$ 317,694	$ 354,714	$ 6,453,378
Additions	-	136,710	43,699	-	5,971	-	-	365,061	551,441
Disposal/Lease expiration	-	-	-	-	-	-	-	(99,970)	(99,970)
Balance at December 31, 2022	1,129,597	3,216,022	705,335	173,211	657,757	85,428	317,694	619,805	6,904,849
Additions	-	22,664	50,020	4,940	31,399	-	-	664,656	773,679
Disposal/Lease expiration	-	-	-	(385)	-	-	-	-	(385)
Adjustment								(314,269)	(314,269)
Balance at December 31, 2023	1,129,597	3,238,686	755,355	177,766	689,156	85,428	317,694	970,192	7,363,874
Accumulated depreciation									
Balance at December 31, 2021	-	430,594	479,280	126,476	568,204	82,113	-	252,816	1,939,483
Additions	-	125,272	34,858	7,809	35,551	3,315	-	95,363	302,168
Disposal/Lease expiration	-	-	-	-	-	-	-	(99,970)	(99,970)
Balance at December 31, 2022	-	555,866	514,138	134,285	603,755	85,428	-	248,209	2,141,681
Additions	-	128,980	33,907	7,605	30,816	-	-	170,553	371,861
Disposal/Lease expiration	-	-	-	(160)	-	-	-	-	(160)
Balance at December 31, 2023	-	684,846	548,045	141,730	634,571	85,428	-	418,762	2,513,382
Carrying value									
As at December 31, 2023	**$ 1,129,597**	**$ 2,553,840**	**$ 207,310**	**$ 36,036**	**$ 54,585**	**$ -**	**$ 317,694**	**$ 551,430**	**$ 4,850,492**
As at December 31, 2022	**$ 1,129,597**	**$ 2,660,156**	**$ 191,197**	**$ 38,926**	**$ 54,002**	**$ -**	**$ 317,694**	**$ 371,596**	**$ 4,763,168**

Included in land is a property on JFK Drive, with a carrying value of $763,315. This land was purchased in 2013 as a location for the construction of the Credit Union's future main office. The Credit Union incurred architectural design and other preliminary costs related to construction totaling $317,694. These costs were classified as construction-in-progress. A site inspection performed by a third party resulted in the identification of topography and other issues. The total cost to resolve the issues is currently unknown. The project has since been put on hold and the Board of Directors instructed its legal counsel to pursue legal action for recovery of all costs incurred related to the project including $750,000 for the tract of land, and $1,400,000 in damages and losses.

The principal owner from whom subject property was purchased died November 2023. The Board is desirous of an out of court settlement with his successor. Dialogue has been open with Mr. Charles Christie's heir who, with respect to the infrastructure installation, confirmed in September 2023 that he received approved stamped drawings from the Ministry of Works, however, he is still waiting for the WSC and BPL approved drawings.

The Credit Union's Poinciana Drive property is comprised of land and building with net book value of $157,500 and $200,015 respectively. In October 2008, Bahamas Realty Limited, an independent qualified real estate broker and appraiser, conducted an appraisal of the Poinciana Drive property. The restated fair market value resulted in a revaluation surplus of $154,517 (land: $123,900 and building: $30,617), which is included in equity. The remaining land pertains to a property in George Town, Exuma with a carrying value of $108,752.

13. OTHER LIABILITIES

Other liabilities consist of the following:

	2023	2022
Dormant accounts liabilities (Note 8)	$ 281,247	$ -
Members' salary deductions received in advance	239,084	380,490
Accounts payable	101,090	145,495
Share/loan insurance payable	53,485	51,903
Value Added Tax payable	44,504	31,935
Others	26,293	10,589
Professional and legal fees payable	15,100	20,250
Tenants' deposit	14,020	33,138
	$ 774,823	$ 673,800

14. LEASES

Details of the amounts recognized in the statement of financial position and the statement of profit or loss and other comprehensive income for the Credit Union's right-of-use asset and the corresponding lease liability are set out below:

14.1. Right-of-use asset

	2023	2022
Balance, beginning of year	$ 371,596	$ 101,898
Adjustment to remove prior leases	(314,269)	-
Addition for new leases signed	664,656	365,061
Amortization expense recognized in profit or loss	(170,553)	(95,363)
Balance, end of year	$ 551,430	$ 371,596

14. LEASES *(Continued)*

14.2. Lease liability

	2023	2022
Balance, beginning of year	$ 376,412	$ 106,497
Adjustment to remove prior leases	(318,216)	-
Addition for new leases signed	664,656	363,206
Interest expense recognized in profit or loss	25,594	6,301
Lease payments during the year	(185,736)	(99,592)
Balance, end of year	$ 562,710	$ 376,412
Maturity analysis:		
The future minimum lease payments under this lease at the reporting period are as follows:		
No later than one year	$ 148,109	$ 140,000
Later than one year and not later than five years	414,601	236,412
	$ 562,710	$ 376,412

14.3. Amounts recognized in profit or loss

	2023	2022
Amortization of right-of-use asset	$ 170,553	$ 95,363
Interest on lease liability	25,594	6,301
	$ 196,147	$ 101,664

15. MEMBERS AND OTHER DEPOSITS

Concentration of members and other deposits is as follows:

	%	2023	%	2022
$0 - $100,000	77.06	$ 48,599,163	77.69	$ 49,012,739
$100,001 - $300,000	15.01	9,468,174	14.15	8,925,833
$300,001 - $500,000	4.45	2,809,622	4.72	2,977,754
$500,001 and over	3.48	2,192,736	3.44	2,170,529
	100	63,069,695	100	63,086,855
Accrued interest payable		567,403		656,526
		$ 63,637,098		$ 63,743,381

15. MEMBERS AND OTHER DEPOSITS *(Continued)*

Members and other deposits consist of the following:

	2023	2022
Members' share deposits *(a)*	$ 31,984,105	$ 30,573,625
Term deposits *(b)*	19,609,662	20,898,954
Deposit accounts *(e)*	3,418,279	3,181,676
Educational savings *(c)*	2,448,250	2,494,190
House plan savings *(d)*	2,154,475	2,144,935
Retirement savings	1,543,453	1,373,893
Other deposit accounts	523,328	638,570
Vacation club savings	547,257	551,835
Debit card account	444,576	489,461
Dormant accounts	-	334,710
Christmas savings *(f)*	220,277	206,299
Back-to-school savings *(g)*	105,983	115,839
Credit card security account	70,050	82,868
	63,069,695	63,086,855
Accrued interest payable	567,403	656,526
	$ 63,637,098	$ 63,743,381

Included in deposits is an amount of $811,576 (2022: $811,576) that is attributable to non-members.

a) Members' Share Deposits – This account is the anchor for the Credit Union. Members are encouraged to deposit a minimum of $20.00 per week or $80.00 per month. This account can be used as a retirement account as members are discouraged from making withdrawals from this account except under extreme circumstances. This account can also be used as the collateral account for consumer loans. Interest is paid on this account at a range of 1.5% to 2.5% per annum depending on the balance of the account.

b) Term Deposits – Term deposits have a minimum duration of one year (2021: one year) and a minimum deposit requirement of $1,000. The deposits bear interest at rates ranging from 1.50% to 3.79% per annum. Non-members rates are 1% less than rates to members.

c) Educational Savings – Educational savings account is designed to assist members preparing for their children's education or for a designated child college expense. A child must be named for this account and must not be over the age of 18 years old. Interest on this account is paid at 3.5% per annum.

d) House Plan Savings – This account is designed to assist members in saving for the acquisition of a home. Interest is calculated at 2.5%.

e) Deposit Accounts – This is a regular savings account. There is free access to the balance of this account, and members may use this account for salary deposit or any other saving purpose. No interest is paid on this account.

f) Christmas Savings – The Christmas savings account is an additional savings vehicle for members during the Christmas period. Members can deposit funds into this account at any time during the year. Interest is calculated at 2.5%.

g) Back-to-School Account – The purpose of this account is to aid members in preparing for school fees and associated expenses that are due at the beginning of each semester/term. Interest is paid on this account at 0.5%.

16. QUALIFYING SHARES

The movement in the qualifying shares is as follows:

	2023	2022
Balance, beginning of year	$ 1,544,646	$ 1,434,716
Adjustments for increase in share price	410,600	-
Issued during the year	143,100	144,000
Withdrawals and transfers	(4,814)	(34,070)
Balance, end of year	$ 2,093,532	$ 1,544,646

At December 31, 2023, there were 6,977 financial members (2022: 7,721 members) in the Credit Union. Included in the qualifying shares are junior co-operative members with a total value of $446 (2022: $516).

17. OTHER RESERVES

i) Statutory Reserve

The movement in the statutory reserve is as follows:

	2023	2022
Balance, beginning of year	$ 4,295,784	$ 4,295,784
Transfer from retained earnings	-	-
Balance, end of year	4,295,784	4,295,784
Requirement (10% of total assets)	6,890,459	6,822,866
Deficiency in statutory reserve	$ (2,594,675)	$ (2,527,082)

The requirement to hold 10% of the Credit Union's assets in a statutory reserve in members' equity has not been met. The current amount of the statutory reserve in equity is 6.27% (2022: 6.30%) of total assets.

ii) Fair Value Reserve

The movement in the fair value reserve is as follows:

	2023	2022
Balance, beginning of year	$ 514,963	$ 499,541
Net change in fair value of quoted equities during the year	90,803	15,422
Balance, end of year	$ 605,766	$ 514,963

18. LOAN INTEREST INCOME

Loan interest income consists of interest earned on loans receivable from members.

	2023	2022
Consumer	$ 1,776,758	$ 1,857,137
Debt consolidation	1,009,922	1,022,276
Mortgage	96,450	124,467
Revolving line of credit	85,828	128,839
Auto	8,019	6,194
Other	1,844	2,182
	$ 2,978,821	$ 3,141,095

19. INVESTMENT INTEREST INCOME

Investment interest income consists of interest earned on investments held by the Credit Union.

	2023	2022
Bahamas Government Registered Stock	$ 433,890	$ 412,906
Term deposits	101,703	112,190
Bahamas First Series 2 Corporate Bonds	6,250	6,250
Current accounts	4,262	3,180
	$ 546,105	$ 534,526

20. DEPOSIT INTEREST EXPENSE

Interest expense on members' deposits during the year is as follows:

	2023	2022
Members' share deposits	$ 541,282	$ 619,821
Term deposits	302,892	441,008
Educational savings	52,213	86,662
House plan savings	46,145	49,498
Other deposit accounts	37,012	38,421
Christmas savings	16,019	17,216
	$ 995,563	$ 1,252,626

Included in interest expense on members' share deposits, is an amount of $30,759 (2022: $30,759) that is attributable to one non-member depositor.

21. OTHER INCOME

Other income consists of the following:

	2023	2022
Service charges	$ 629,194	$ 541,953
Rental (Note 11)	200,403	117,515
Credits and debit card fees	22,890	41,487
Dividends	20,523	21,761
Liabilities written-off and lease adustment	8,800	5,389
Entrance fees	2,309	7,422
	$ 884,119	$ 735,527

Rental income pertains to rentals earned on the Credit Union's investment properties.

22. OPERATING EXPENSES

Operating expenses are comprised of the following:

	2023	2022
Personnel		
Salaries	$ 1,263,046	$ 1,271,725
Group health insurance	126,772	136,046
Vacation pay	118,705	120,230
Staff pension (Note 24)	130,315	121,254
Christmas bonus	70,325	74,714
National insurance contribution	65,472	65,678
Other employee benefits	61,397	58,310
Travel	38,709	30,277
Employee training and development	6,658	11,690
Overtime	3,956	3,509
	1,885,355	1,893,433
Occupancy		
Utilities	$ 240,265	$ 194,890
Security	49,498	35,223
Repairs and maintenance	76,890	77,174
Insurance - building and contents	71,936	64,837
Real property tax	3,473	7,361
Lease liability	27,863	6,301
	$ 469,925	$ 385,786

22. OPERATING EXPENSES *(Continued)*

	2023	2022
General business		
Professional and legal fees	$ 133,812	$ 91,476
Insurance - general	40,527	31,263
Value Added Tax (VAT)	85,744	62,147
Vehicles	20,036	19,743
Stationery supplies	13,082	8,340
Bank charges	59,081	11,273
Office supplies	12,808	13,838
Equipment maintenance	22,668	14,730
Courier and postage	3,232	2,323
FPO events auditoriom	3,930	3,438
Other expenses	4,751	2,270
Loss on disposal of fixed assets	225	-
	399,896	260,841
Organizational		
Board stipend and expenses	53,633	54,919
Committees stipend and expenses	27,961	22,425
Annual general meeting	2,743	5,202
Officials development and travel	3,181	700
Insurance - Officers liabilities	9,849	8,373
Other expenses	1,250	-
	98,617	91,619
Depreciation		
Building - investment property	43,238	43,202
Furniture and fixtures	33,907	34,858
Building and improvements	128,980	125,272
Computer hardware and software	30,816	35,551
Vehicles	-	3,314
Leasehold improvements and right-of-use assets	178,158	103,173
	$ 415,099	$ 345,370

22. OPERATING EXPENSES *(Continued)*

	2023	2022
Members' security		
Share/loan insurance premium	$ 231,605	$ 251,815
Stabilization fee	23,163	21,513
Deposit insurance	31,173	31,351
	285,941	304,679
Computer expense		
Computer maintenance	93,725	88,820
Computer stationery supplies	18,271	15,933
	111,996	104,753
Marketing		
Advertising and promotions	23,070	38,761
Donations	2,180	2,880
	25,250	41,641
	$ 3,692,079	$ 3,428,122

23. RELATED PARTY BALANCES AND TRANSACTIONS

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

	2023	2022
Assets		
Loans receivable	$ 487,585	$ 391,673
Liabilities		
Interest payable	$ 145	$ 218
Term deposits	$ 30,000	$ 30,000
Other deposits	$ 50,850	$ 66,592
Share deposits	$ 516,468	$ 495,238
Equity		
Qualifying shares	$ 4,100	$ 2,800
Income		
Interest income on loans receivable	$ 38,954	$ 27,598
Expenses		
Interest expense on deposits	$ 12,104	$ 20,770
Key management, board and committee compensation	$ 172,391	$ 169,391

24. PENSION PLAN

The Credit Union has a Participation Agreement with the Bahamas Hotel and Allied Industries Pension Fund (BHAIPF). BHAIPF is a defined contribution retirement plan (the "Plan") administered by Providence Advisors Limited. The Credit Union contributes an amount equivalent to 5.00% of the employees' weekly salaries to the Plan. Total pension cost charged to operations amounted to $130,315 (2022: $121,254).

25. FINANCIAL RISK MANAGEMENT

The Credit Union has exposure to the following risks from its use of financial instruments:

25.1. Credit risk
25.2. Liquidity risk
25.3. Market risk
25.4. Interest rate risk

This note presents information about the Credit Union's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework.

The Credit Union's risk management policies are established to identify and analyze the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Credit Union's activities.

25.1. Credit risk

Credit risk is the risk of financial loss arising if a customer or counterparty fails to meet its contractual obligations. The Credit Union is exposed to credit risk from deposits and banks and other financial institutions including the League, loans to members, investments in debt securities, and other receivables. The most significant credit risk for the Credit Union is on loan to members.

Loans to Members and Credit Policy

The Credit Union controls credit risk by the application of credit approvals, limits, and monitoring procedures. The Credit Union ensures that loans are extended to members with appropriate credit history and an internal mechanism exists to monitor the granting of credit and the management of credit exposures. It is also the Credit Union's policy to trade with recognized and creditworthy third parties. The Board of Directors is responsible for establishing credit policies. The Credit Committee has oversight responsibility for the credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Credit Union's credit review process. The Credit Committee reports to the Board of Directors on a monthly basis.

Collateral – The Credit Union holds collateral against loans, depending on the type of loans and the risk rating assigned to the member. The required collateral is set out in the loan policy manual issued by the Credit Union.

Write-off policy – The Credit Union writes off loans and any related allowances for impairment losses when it is determined that the loans are uncollectible.

25. FINANCIAL RISK MANAGEMENT *(Continued)*

25.1. Credit risk *(Continued*

Maximum exposure to credit risk – Loans to Members
The following table below sets out information about the Credit Union's maximum exposure to credit risk on loans to its members at the end of the reporting date:

As at December 31, 2023				
	Allowance for Credit Losses			
	Stage 1	Stage 2	Stage 3	Total
Loans to members before credit losses	$ 23,782,945	$ 532,376	$ 7,044,871	$ 31,360,192
Allowance for credit losses	(86,998)	(28,623)	(4,619,159)	(4,734,780)
	$ 23,695,947	$ 503,753	$ 2,425,712	$ 26,625,412

As at December 31, 2022				
	Allowance for Credit Losses			
	Stage 1	Stage 2	Stage 3	Total
Loans to members before credit losses	$ 22,877,415	$ 685,047	$ 7,662,221	$ 31,224,683
Allowance for credit losses	(84,623)	(29,077)	(4,469,602)	(4,583,302)
	$ 22,792,792	$ 655,970	$ 3,192,619	$ 26,641,381

25.2. Liquidity risk

Liquidity risk is the risk that the Credit Union will not be able to meet its financial obligations as they fall due. The Credit Union's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Credit Union ensures that it has sufficient liquid assets to settle currently maturing obligations. The maturity profile of the Credit Union's financial liabilities and the liquidity gap are disclosed in Note 26.

25.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Credit Union is exposed to market risk on investments in that the Credit Union may not be able to readily dispose of its holdings when it chooses and also that the price obtained on disposal may be below that at which the investment is included in the Credit Union's financial statements. The Credit Union's market risk is managed by the Board of Directors through diversification of the investment portfolio across a wide range of financial assets.

25.4. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Cash balances and short-term investments are not subject to significant interest rate risk due to their short-term nature. The Credit Union's loans receivable and members' deposits have fixed interest thus there is no significant exposure to interest rate risk on these instruments. The investments in bonds and Bahamas Government Registered Stock have interest rates based on the Bahamas Prime rate of 4.25% which is set by the Central Bank of the Bahamas and is also not considered exposed to significant fluctuations.

26. MATURITY OF SIGNIFICANT ASSETS AND LIABILITIES

Maturity of significant assets and liabilities consist of the following:

	As at December 31, 2023					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Total
Financial assets:						
Cash and cash equivalents	$ 4,764,855	$ -	$ -	$ -	$ -	$ 4,764,855
Short-term investments	1,294,003	3,804,074	-	10,000	-	5,108,077
Other assets	684,127	-	-	-	-	684,127
Deposits with the League	-	-	-	-	14,957,095	14,957,095
Financial investments	3,700		-	102,000	9,169,060	9,274,760
Loans receivable	152,509	345,661	848,734	14,384,607	11,770,563	27,502,074
	6,899,194	4,149,735	848,734	14,496,607	35,896,718	62,290,988
Financial liabilities:						
Accrued expenses and other liabilities	774,823	-	-	-	-	774,823
Lease liabilities	37,027	74,054	37,028	414,601	-	562,710
Members and other deposits	48,888,599	2,794,327	7,157,390	4,796,782	-	63,637,098
	49,700,449	2,868,381	7,194,418	5,211,383	-	64,974,631
Liquidity gap	**$ (42,801,255)**	**$ 1,281,354**	**$ (6,345,684)**	**$ 9,285,224**	**$ 35,896,718**	**$ (2,683,643)**

	As at December 31, 2022					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Total
Financial assets:						
Cash and cash equivalents	$ 5,092,689	$ -	$ -	$ -	$ -	$ 5,092,689
Short-term investments	2,096,367	-	1,151,545	1,782,345	-	5,030,257
Other assets	674,419	-	-	-	-	674,419
Deposits with the League	-	-	-	-	14,465,409	14,465,409
Financial investments	-	-	-	205,700	8,947,658	9,153,358
Loans receivable	198,861	361,373	694,610	15,149,433	11,112,580	27,516,857
	8,062,336	361,373	1,846,155	17,137,478	34,525,647	61,932,989
Financial liabilities:						
Accrued expenses and other liabilities	673,800	-	-	-	-	673,800
Lease liabilities	35,000	35,000	70,000	236,412	-	376,412
Members and other deposits	49,659,374	2,699,160	5,170,321	6,214,301	-	63,743,156
	50,368,174	2,734,160	5,240,321	6,450,713	-	64,793,368
Liquidity gap	**$ (42,305,838)**	**$ (2,372,787)**	**$ (3,394,166)**	**$ 10,686,765**	**$ 34,525,647**	**$ (2,860,379)**

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

a) Financial instruments not measured at fair value:

i) The fair value of liquid assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.

ii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.

iii) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans, the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognized separately by deducting the amount of the provisions for credit losses from both the book and fair values.

iv) The fair value of members' regular shares and deposits, with no specific maturity is assumed to be the amount payable on demand at the reporting date.

v) The fair values of all other financial instruments not mentioned above are assumed to approximate their carrying values.

b) Financial instruments measured at fair value:

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

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.

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

c) Fair value hierarchy (Continued)

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, 2023				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial instruments				
Equity securities	$ 1,295,110	$ 131,200	$ 66,950	$ 1,493,260

As at December 31, 2022				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial instruments				
Equity securities	$ 1,176,108	$ 131,200	$ 64,550	$ 1,371,858

28. CAPITAL RISK MANAGEMENT

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

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

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

'Every society shall ensure that –

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

(Continued)

28. CAPITAL RISK MANAGEMENT *(Continued)*

The table below summarizes the composition of the Credit Union's regulatory capital and the ratios at the reporting date:

	2023	2022
Provision (a)		
Liquidity reserve deposits	$ 6,938,387	$ 6,839,192
Members' deposits	$ 63,637,098	$ 63,743,381
Actual ratio	11%	11%
Required ratio	10%	10%
Surplus of regulation	1%	1%
Provision (b)		
Regulatory reserves	$ 3,169,674	$ 2,765,582
Total assets	$ 68,904,588	$ 68,228,655
Actual ratio	5%	4%
Required ratio	10%	10%
Shortfall over regulation	-5%	-6%

29. LEGAL MATTERS

The Credit Union is involved in several litigations as follows:

i) The Credit Union has brought actions against several members who are in default of their loan commitments. These actions are ongoing.

ii) The Credit Union filed a claim against C.A.C. Properties Limited in regard to the JFK Drive property for recovery of all costs incurred related to the project (See Note 12). The trial begun in 2020 but was suspended due to COVID-19. The principal owner from whom subject property was purchased died November 2023. The Board is desirous of an out of court settlement with his successor. Dialogue has been open with Mr. Christie's heir who, with respect to the infrastructure installation, confirmed in September 2023 that he received approved stamped drawings from the Ministry of Works, however, he is still waiting for the WSC and BPL approved drawings.

No provisions for contingent assets or liabilities have been recorded in these financial statements for the above legal matters for the reporting period, as the Attorneys have not made any assessments of the probabilities of the success of these matters.

30. EVENTS AFTER THE REPORTING PERIOD

There were no material events of significance impacting the Credit Union since December 31, 2023 and up to April 18, 2024 that require disclosure in these financial statements.

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The primary purpose of our examination for the year ended December 31, 2023 was to express an opinion on the basic financial statements of National Workers Co-operative Credit Union Limited (the "Credit Union") presented on pages 4 through 38, taken as a whole.

The supplementary information for the year ended December 31, 2023 presented on pages 40 through 51 is not considered necessary for a fair presentation of the Credit Union's financial position and the results of its operations and its cash flows in accordance with International Financial Reporting Standards, and is presented for supplementary analysis purposes. Such information has been subjected to the audit procedures applied on the examination of the basic financial statements.

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

Ecovis Bahamas

CHARTERED ACCOUNTANTS

April 18, 2024
Nassau, The Bahamas

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss – Nassau, Head Office

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
INTEREST INCOME		
Loan interest income	$ 2,160,190	$ 2,368,735
Investment interest income	354,585	360,028
Interest in deposits with the League	169,318	166,205
Total interest income	2,684,093	2,894,968
INTEREST EXPENSE		
Deposit interest expense	699,164	912,395
Total interest expense	699,164	912,395
NET INTEREST INCOME	1,984,929	1,982,573
OTHER INCOME	489,118	423,054
OPERATING EXPENSES		
Personnel	1,231,047	1,272,036
Increase in provision for credit losses	154,713	2,160,931
Occupancy	282,723	224,054
General business	278,608	161,981
Organizational	59,666	57,876
Depreciation	243,654	173,933
Members' security	205,301	234,895
Computer expense	90,570	83,833
Marketing	14,227	7,731
Total operating expenses	2,560,509	4,377,270
LOSS FOR THE YEAR	(86,462)	(1,971,643)
SUMMARY OF RESULTS BY LOCATION		
Nassau Head Office - net comprehensive loss	(86,462)	(1,971,643)
Freeport Branch - net comprehensive loss	87,481	(257,238)
Andros Branch - net comprehensive loss	(68,602)	(36,107)
Berry Islands Branch - net comprehensive loss	(77,211)	(107,339)
NET LOSS	$ (144,794)	$ (2,372,327)

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NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Nassau, Head Office

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Personnel		
Salaries	$ 770,679	$ 797,384
Group health insurance	88,752	100,162
Vacation pay	93,380	95,428
Staff pension	110,561	99,094
Christmas bonus	54,356	58,256
National insurance contribution	45,194	46,815
Other employee benefits	50,814	48,920
Travel	8,179	12,982
Employee training and development	5,328	11,590
Overtime	3,804	1,405
	1,231,047	1,272,036
Increase in provision for loan impairment	154,713	2,160,931
Occupancy		
Utilities	173,841	139,519
Security	3,584	3,709
Repairs and maintenance	48,292	43,134
Insurance - building and contents	29,664	26,221
Real property tax	3,473	7,361
Lease liability	23,869	4,110
	282,723	224,054
General business		
Professional and legal fees	119,791	69,331
Insurance - general	11,832	4,554
Value Added Tax (VAT)	60,349	39,666
Vehicles	13,642	13,596
Stationery supplies	11,123	6,208
Bank charges	33,845	8,121
Office supplies	9,386	9,836
Equipment maintenance	14,043	9,170
Courier and postage	961	358
Other expenses	3,636	1,141
	$ 278,608	$ 161,981

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Nassau, Head Office *(Continued)*

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Organizational		
Board stipend and expenses	$ 37,326	$ 32,412
Committees stipend and expenses	9,378	14,136
Annual general meeting	2,368	4,790
Officials development and travel	2,649	200
Insurance - Officers liabilities	6,695	5,981
Other expenses	1,250	357
	59,666	57,876
Depreciation		
Building - investment property	43,238	43,202
Furniture and fixtures	17,907	18,516
Building and improvements	22,851	19,656
Computer hardware and software	24,461	30,097
Leasehold improvements and right-of-use assets	135,197	62,462
	243,654	173,933
Members' security		
Share/loan insurance premium	166,039	197,051
Stabilization fee	16,194	15,300
Deposit insurance	23,068	22,544
	205,301	234,895
Computer expense		
Computer maintenance	80,645	78,654
Computer stationery supplies	9,925	5,179
	90,570	83,833
Marketing		
Advertising and promotions	13,447	6,451
Donations	780	1,280
	14,227	7,731
	$ 2,560,509	$ 4,377,270

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss – Freeport Branch

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
INTEREST INCOME		
Loan interest income	$ 601,689	$ 602,039
Investment interest income	191,520	174,498
Interest in deposits with the League	41,122	40,408
Total interest income	834,331	816,945
INTEREST EXPENSE		
Deposit interest expense	257,867	300,220
Total interest expense	257,867	300,220
NET INTEREST INCOME	576,464	516,725
OTHER INCOME	278,837	235,808
OPERATING EXPENSES		
Personnel	419,396	406,600
(Decrease)/increase in provision for credit losses	(87,234)	153,233
Occupancy	143,582	138,867
General business	57,518	64,176
Organizational	31,541	31,302
Depreciation	118,173	122,139
Members' security	63,088	56,891
Computer expense	11,437	10,533
Marketing	10,319	26,030
Total operating expenses	767,820	1,009,771
NET PROFIT/(LOSS) FOR THE YEAR	$ 87,481	$ (257,238)

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Freeport Branch

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Personnel		
Salaries	$ 328,223	$ 317,610
Group health insurance	20,519	20,691
Vacation pay	18,923	18,713
Staff pension	12,564	12,563
Christmas bonus	10,978	10,275
National insurance contribution	12,509	11,126
Other employee benefits	6,318	6,008
Travel	8,564	9,009
Employee training and development	798	50
Overtime	-	555
	419,396	406,600
(Decrease)/increase in provision for loan impairment	(87,234)	153,233
Occupancy		
Utilities	56,693	47,409
Security	19,433	21,837
Repairs and maintenance	26,220	32,824
Insurance - building and contents	41,236	36,797
	143,582	138,867
General business		
Professional and legal fees	13,830	21,195
Insurance - general	5,073	2,883
Value Added Tax (VAT)	14,331	16,658
Vehicles	4,525	4,818
Stationery supplies	1,648	1,957
Bank charges	1,830	2,740
Office supplies	1,623	2,525
Equipment maintenance	8,625	5,205
Courier and postage	924	1,614
FPO events auditoriom	3,930	3,438
Other expenses	1,179	1,143
	$ 57,518	$ 64,176

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Freeport Branch *(Continued)*

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Organizational		
Board stipend and expenses	$ 16,307	$ 21,412
Committees stipend and expenses	11,173	6,943
Annual general meeting	375	412
Officials development and travel	532	-
Insurance - Officers liabilities	3,154	2,392
Other expenses	-	143
	31,541	31,302
Depreciation		
Furniture and fixtures	9,339	10,230
Building and improvements	106,129	105,616
Computer hardware and software	2,705	2,979
Vehicles	-	3,314
	118,173	122,139
Members' security		
Share/loan insurance premium	52,050	44,602
Stabilization fee	4,803	4,446
Deposit insurance	6,235	7,843
	63,088	56,891
Computer expense		
Computer maintenance	9,108	7,418
Computer stationery supplies	2,329	3,115
	11,437	10,533
Marketing		
Advertising and promotions	9,319	25,430
Donations	1,000	600
	10,319	26,030
	$ 767,820	$ 1,009,771

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss – Andros Branch

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
INTEREST INCOME		
Loan interest income	$ 167,067	$ 137,434
Total interest income	167,067	137,434
INTEREST EXPENSE		
Deposit interest expense	23,382	29,084
Total interest expense	23,382	29,084
NET INTEREST INCOME	143,685	108,350
OTHER INCOME	63,361	43,605
OPERATING EXPENSES		
Personnel	132,188	117,841
Increase/(decrease) in provision for credit losses	5,583	(3,822)
Occupancy	33,786	11,659
General business	49,739	13,255
Organizational	3,449	900
Depreciation	35,682	32,595
Members' security	9,887	8,005
Computer expense	4,897	3,745
Marketing	437	3,884
Total operating expenses	275,648	188,062
NET LOSS FOR THE YEAR	$ (68,602)	$ (36,107)

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Andros Branch

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Personnel		
Salaries	$ 94,353	$ 83,464
Group health insurance	10,642	5,873
Vacation pay	3,688	3,240
Staff pension	3,969	4,059
Christmas bonus	3,060	3,195
National insurance contribution	4,609	4,436
Other employee benefits	2,749	1,835
Travel	8,825	10,831
Employee training and development	266	50
Overtime	27	858
	132,188	117,841
Increase/(decrease) in provision for loan impairment	5,583	(3,822)
Occupancy		
Utilities	5,609	4,507
Security	23,565	4,299
Repairs and maintenance	732	771
Insurance - building and contents	632	1,124
Lease liability	3,248	958
	33,786	11,659
General business		
Insurance - general	16,481	9,073
Value Added Tax (VAT)	7,844	2,200
Vehicles	765	292
Stationery supplies	150	-
Bank charges	22,159	237
Office supplies	1,315	964
Equipment maintenance	-	355
Courier and postage	842	148
Other expenses	(42)	(14)
Loss on disposal of fixed assets	225	-
	49,739	13,255
Organizational		
Committees stipend and expenses	3,449	900
	$ 3,449	$ 900

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Andros Branch *(Continued)*

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Depreciation		
Furniture and fixtures	$ 3,838	$ 3,553
Computer hardware and software	2,410	1,857
Leasehold improvements and right-of-use assets	29,434	27,185
	35,682	32,595
Members' security		
Share/loan insurance premium	7,566	6,166
Stabilization fee	1,386	1,131
Deposit insurance	935	708
	9,887	8,005
Computer expense		
Computer maintenance	2,328	1,324
Computer stationery supplies	2,569	2,421
	4,897	3,745
Marketing		
Advertising and promotions	137	3,484
Donations	300	400
	437	3,884
	$ 275,648	$ 188,062

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss – Berry Islands Branch

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
INTEREST INCOME		
Loan interest income	$ 49,875	$ 32,887
Total interest income	49,875	32,887
INTEREST EXPENSE		
Deposit interest expense	15,150	10,927
Total interest expense	15,150	10,927
NET INTEREST INCOME	34,725	21,960
OTHER INCOME	52,803	33,060
OPERATING EXPENSES		
Personnel	102,724	96,956
Increase/(decrease) in provision for credit losses	3,575	(1,002)
Occupancy	9,834	11,206
General business	14,031	21,429
Organizational	3,961	1,541
Depreciation	17,590	16,703
Members' security	7,665	4,888
Computer expense	5,092	6,642
Marketing	267	3,996
Total operating expenses	164,739	162,359
NET LOSS FOR THE YEAR	$ (77,211)	$ (107,339)

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Berry Islands Branch

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Personnel		
Salaries	$ 69,791	$ 73,267
Group health insurance	6,859	9,320
Vacation pay	2,714	2,849
Staff pension	3,221	5,538
Christmas bonus	1,931	2,988
National insurance contribution	3,160	3,301
Other employee benefits	1,516	1,547
Travel	13,141	(2,545)
Employee training and development	266	-
Overtime	125	691
	102,724	96,956
Increase/(decrease) in provision for loan impairment	3,575	(1,002)
Occupancy		
Utilities	4,122	3,455
Security	2,916	5,378
Repairs and maintenance	1,646	445
Insurance - building and contents	404	695
Lease liability	746	1,233
	9,834	11,206
General business		
Professional and legal fees	191	950
Insurance - general	7,141	14,753
Value Added Tax (VAT)	3,220	3,623
Vehicles	1,104	1,037
Stationery supplies	161	175
Bank charges	1,247	175
Office supplies	484	513
Courier and postage	505	203
Other expenses	(22)	-
	14,031	21,429
Organizational		
Board stipend and expenses	-	1,095
Committees stipend and expenses	3,961	446
	$ 3,961	$ 1,541

NATIONAL WORKERS CO-OPERATIVE CREDIT UNION LIMITED
Statement of Operating Expenses – Berry Islands Branch *(Continued)*

For the year ended December 31, 2023
(Expressed in Bahamian dollars)

	2023	2022
Depreciation		
Furniture and fixtures	$ 2,823	$ 2,559
Computer hardware and software	1,240	618
Leasehold improvements and right-of-use assets	13,527	13,526
	17,590	16,703
Members' security		
Share/loan insurance premium	5,950	3,996
Stabilization fee	780	636
Deposit insurance	935	256
	7,665	4,888
Computer expense		
Computer maintenance	1,644	1,424
Computer stationery supplies	3,448	5,218
	5,092	6,642
Marketing		
Advertising and promotions	167	3,996
Donations	100	600
	267	4,596
	$ 164,739	$ 162,959