

Quarterly Bulletin
#4 Of 2024

Credit Unions In Focus

CREDIT UNION SECTOR PRUDENTIAL STATISTICS AND ANALYSIS

The consolidated prudential statistics of the Credit Union Sector as at 31 December 2024 are outlined in **Table 1**. The percentage changes in the key financial indicators for the year 2023 to 2024 and the period 30 September 2024 to 31 December 2024, are also detailed therein. **Table 2** shows selected PEARLS-M ratios as at 31 December 2024.

Table 1: Consolidated Prudential Statistics

Details	Consolidated Credit Union Sector (Mar 2024)	Consolidated Credit Union Sector (Jun 2024)	Consolidated Credit Union Sector (Sep 2024)	% Change (Sep '24-Dec '24)	Consolidated Credit Union Sector (Dec 2024)	% Change (Dec '23-Dec '24)	Consolidated Credit Union Sector (Dec 2023)
Total Assets (EC\$)	654,689,871	670,909,039	690,015,443	1.52%	700,509,073	10.74%	632,560,829
Total Loans (EC\$)	419,255,873	428,181,878	441,175,219	4.75%	462,141,984	15.14%	401,380,987
Total Delinquent Loans (> 1 day arrears) (EC\$)	40,530,508	41,232,086	44,526,507	-23.43%	34,092,871	3.11%	33,065,195
Total Non-Performing Loans (> 365 days arrears) (EC\$)	14,833,221	16,583,359	17,665,894	-9.26%	16,030,126	19.63%	13,399,901
Loan Loss Provisions (EC\$)	11,692,021	12,550,011	13,702,331	-11.33%	12,150,101	10.38%	11,007,964
Total Liabilities (EC\$)	519,438,776	535,345,082	551,419,069	0.96%	556,726,262	11.07%	501,245,762
Total Deposit (EC\$)	499,782,936	518,246,452	524,904,559	3.64%	544,030,386	12.37%	484,138,293
Members' Share Capital (EC\$)	43,278,954	44,766,204	46,256,866	4.81%	48,483,347	15.01%	42,155,214
Statutory Reserves (EC\$)	29,685,791	29,845,513	29,804,478	4.75%	31,220,906	5.32%	29,644,758
Institutional Capital (Min. 10% of total assets) (EC\$)	72,804,077	71,620,020	73,245,068	4.13%	76,268,828	9.17%	69,865,054
Surplus/(Deficit) (EC\$)	2,761,861	4,757,898	6,370,496	47.00%	9,364,428	4.30%	8,978,332
No. of Membership	39,865	40,427	40,577	1.75%	41,289	6.57%	38,743
No. of Employees	137	136	135	2.22%	138	6.15%	130
Delinquency Rate (Max. 3% standard)	10%	10%	10%	-3.00%	7%	-1.00%	8%
Liquidity Rate (Min. 15% of total deposits)	34%	34%	33%	-1.00%	32%	0.00%	32%

Source: Credit Unions' Audited Financial Statements (Dec 2023) and Credit Unions' Reporting Forms (Mar 2024, Jun 2024, Sep 2024 and Dec 2024)

Table 2: Selected PEARLS-M Prudential Ratios

PEARLS RATIOS		GOAL	Dec-24
P	Protection		
1*	Loan Loss Allowance/Delinquency > 12 Months	100%	100.00%
2*	Net Loan Loss Allowance/Allow. Required for Delinquency 1-12 months	35% for 1-12 months	146.94%
6	Solvency	Min. ≥110%	120.37%
E	Effective Financial Structure		
1*	Loans/Total Assets	70-80%	65.97%
5*	Savings Deposits/Total Assets	70-80%	77.66%
7	Member Shares /Total Assets	Min. ≥ 10%	6.92%
8	Institutional Capital /Total Assets	Min. ≥ 10%	10.89%
A	Asset Quality		
1*	Delinquent loans /Gross Loan Portfolio	Max. ≤ 5%	7.38%
2*	Non-Earning Assets/ Total Assets	Max. ≤ 5%	8.49%
R	Rates of Return		
12	Operating Expenses/Average Gross Income	<55%	90.17%
13*	Return on Assets	Min. ^E9 = 10%	1.38%
14	Return on Equity	Market Rate	7.86%
S	Signs of Growth (Annualized)		
1*	Net Loans	^E1= 70-80%	12.24%
5*	Savings Deposits	^E5 = 70-80%	12.10%
7	Members Shares	^E7 < 20%	15.02%
8	Institutional Capital	^E8 > 10%	6.91%
10*	Membership	> 15%	6.57%
11*	Total Assets	Min. > Inflation Rate +10%	11.01%

Source: Consolidated Credit Union Reporting Forms (Dec 2024)

THE REGISTRAR'S CORNER

RECAP OF THE QUARTER OCTOBER TO DECEMBER 2024

⇒ The quarterly meeting between the Financial Services Regulatory Commission (FSRC) and the St. Kitts and Nevis National Co-operative League Limited (SKNNCLL) was held on 17 October 2024. The Roundtable discussion focused on the delinquency position of the Credit Union Sector and the findings of a 5-year focused delinquency analysis that was completed by the FSRC with the objective of strengthening asset quality of credit unions.

The key discussion points included:

- Credit Union Sector Delinquency Trend;
- Findings of FSRC Examinations; and
- Corrective Actions and Recommendations.

⇒ Credit Union Week was celebrated during the period 13 to 19 October 2024. The 76th Anniversary of International Credit Union (ICU) Day was observed on 17 October 2024, to raise awareness of the importance and relevance of credit unions. The World Council of Credit Unions (WOCCU) designated the 2024 theme as, 'One World Through Cooperative Finance'. The annual congratulatory message to the Credit Union Sector was issued by the FSRC.

⇒ A full-scope examination was conducted on the First Federal Co-operative Credit Union Limited during the period 21 October to 1 November 2024.

The spotlight is on the St. Kitts and Nevis National Co-operative League Limited!



The FSRC takes this opportunity to highlight the impact of collaboration, commitment and early intervention in addressing emerging risks to the Credit Union Sector.

During the quarterly meeting between the FSRC and the SKNNCLL, the representatives of the credit unions present committed to addressing the increasing delinquency trend of the Sector. Based on the consolidated credit union statistics for the quarter ended 31 December 2024, total delinquent loans of \$34,092,871 decreased by \$10,433,636, when compared to the quarter ended 30 September 2024 (\$44,526,507). This represents a decrease of 23%. Non-performing loans (NPLs) also decreased for the quarter ended 31 December 2024 by 9%. Further, the delinquency rate improved from 10% to 7%, which represents an excess of only 2% above the standard goal of 5% of total loans.

The Board of Directors, Supervisory and Compliance Committee, Credit Committee and Management of credit unions are encouraged to maintain the momentum that has been established. Please be reminded, however, that the management of NPLs and delinquency in credit unions is not mainly resolved through the write-off of NPLs but requires the implementation of robust delinquency preventive and collection strategies, including adequate member credit risk assessment, effective loan structuring and conducting risk-assessments of the loan portfolio.



Left to right: Mr. Peter Jenkins (President, SKNNCLL), Mr. Matthew Mc Guire (Former President, PCCU), Ms. Londy Esdaille (Accounting & Finance Manager, NCCU), Mrs. Kendra Archibald-Woodley (Former CFO, SKCU), Ms. Tevince Coker (Deputy Director, FSRC), Mrs. Kjellin Rawlins-Elliott (Registrar of Credit Unions, FSRC), Mr. I. Keithley Phillip (General Manager, SKNNCLL), Ms. Dawne Williams (CEO, FFCCU), Mr. Edward Gift (President, SKCU) and Mr. Kayode Sutton (Director, PCCU).

Table 3: Delinquent Loans by Economic Activity

Loan Type	30 September 2024		31 December 2024	
	Total Delinquent Amount	% of Total Delinquent Loans	Total Delinquent Amount	% of Total Delinquent Loans
Private Households	39,867	89.54%	31,062	91.11%
Agriculture	110	0.25%	81	0.24%
Fisheries	67	0.15%	67	0.20%
Construction & Land Development	23	0.05%	22	0.06%
Distributive Trade (Wholesale & Retail)	2,613	5.87%	1,857	5.45%
Professional, Scientific & Technical Services	1,561	3.51%	588	1.72%
Education (including student loans)	138	0.31%	269	0.79%
Community/Social/Personal Activities	147	0.33%	147	0.43%
Total	44,526	100%	34,093	100%

Source: Consolidated Credit Union Reporting Forms (Sep 2024 and Dec 2024)