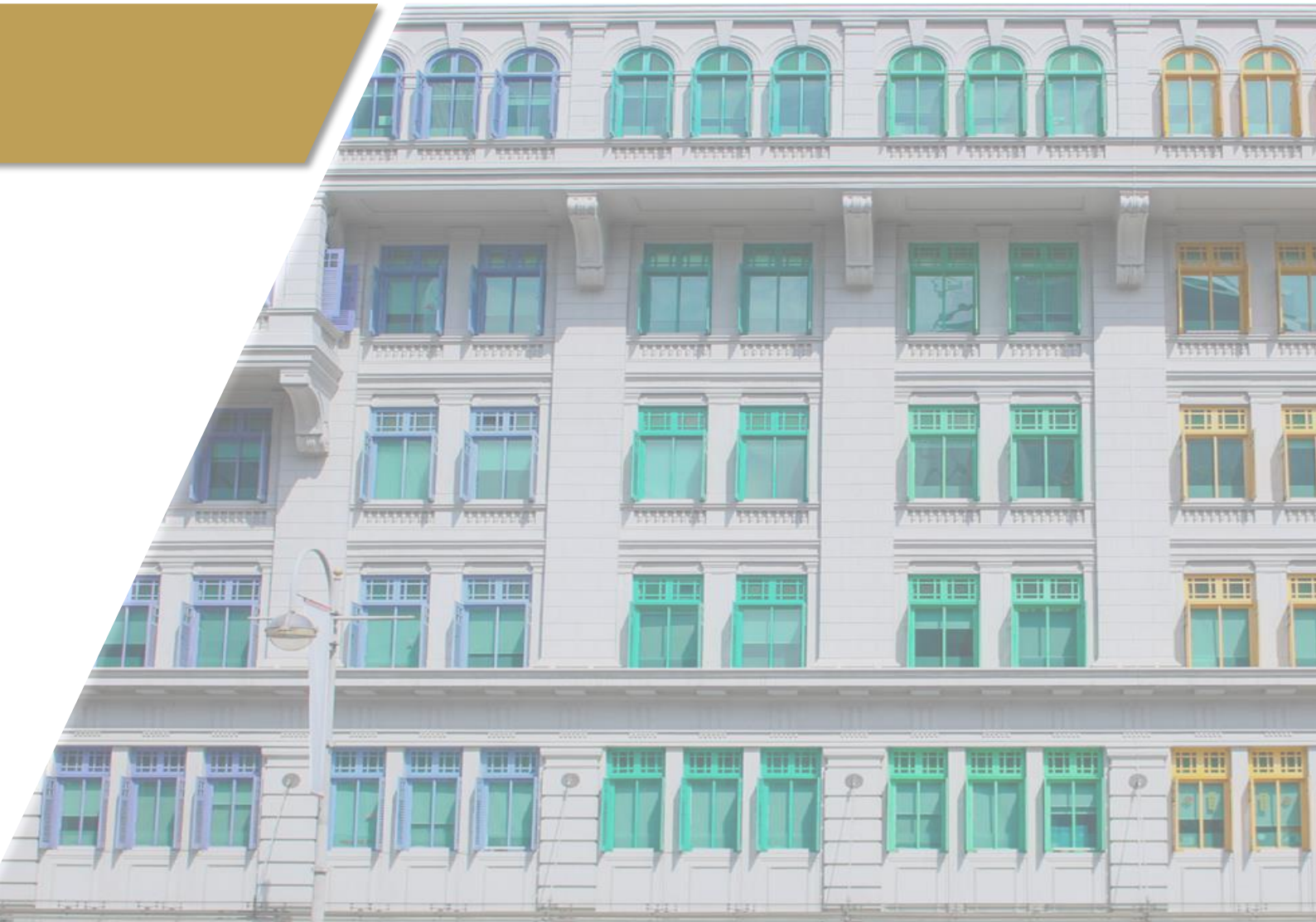




Ministry of Culture, Community and Youth

REGISTRY OF CO-OPERATIVE SOCIETIES ANNUAL REPORT



FOR THE FINANCIAL YEAR ENDED
31 MARCH 2024

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MESSAGE FROM EXECUTIVE DIRECTOR, REGISTRY OF CO-OPERATIVE SOCIETIES



The co-operative societies (“co-ops”) sector in Singapore continues to make strides in leadership development, sustainability, and risk management. Co-ops are not only enhancing the capabilities of their current leaders but are also actively nurturing the next generation. These efforts, combined with business adaptations that integrate sustainability, ensure the sector remains relevant and impactful in our communities, contributing to a sustainable and inclusive future.

Strengthening Our Regulatory Framework

2. To support this progress, the Registry of Co-operative Societies (“the Registry”) maintains a robust regulatory framework through regular updates to policies and legislation. The Registry introduced guides and checklists to facilitate co-ops in their operations. In April 2023, the Registry published a “Checklist of Annual Statutory Requirements for Co-operative Societies” for co-ops to ensure that Annual General Meetings are properly conducted. In June 2023, the Registry issued the “Guidelines on the conduct of virtual and hybrid general meetings” to guide co-ops on the

proper conduct of virtual or hybrid general meetings. Co-ops may access these resources on our website¹.

3. The Registry also revised the Written Directions (“WD”) for Investments, effective 1 August 2023, to provide clearer guidance.

4. In December 2023, the Registry held a public consultation on the proposed amendments to the Co-operative Societies Act (“Co-op Act”). The proposed amendments sought to improve operational flexibility, clarify legal provisions, and refine technical details. These enhancements ensure co-ops remain well-governed and aligned with evolving needs. The Co-op (Amendment) Act 2024 came into operation on 18 July 2024. Following these amendments, the Registry updated the model by-laws and issued the “Guidelines for payment of dividends and/or honoraria from reserves” for co-ops to refer to when seeking the Registrar’s approval for such use of reserves.

Capability Building & Support for Co-ops

5. Equally important is empowering co-op officers with the knowledge and resources to navigate a dynamic environment. Through partnerships with the Singapore National Co-operative Federation (“SNCF”), we have organized tailored training sessions and introduced practical guides to strengthen governance and operational efficiency. Additionally, we disbursed \$847,000 in grants under the Central Co-operative Fund (“CCF”), enabling co-ops to enhance manpower capabilities and embark on sustainability initiatives.

¹ Co-ops may obtain the Checklist and Guidelines from the Registry’s website <https://www.mccy.gov.sg/sector/initiatives/resources-and-useful-links>

6. Initiatives like the Empowering Communities Fund, to be launched in 2025, will also encourage projects that uplift vulnerable communities, furthering the co-op movement's mission.

Looking Ahead

7. As we approach the centenary of the co-op movement in 2025, the sector's continued success will depend on its ability to remain trusted, innovative, and member-focused. The Registry is committed to supporting co-ops in this journey by equipping them with the necessary tools and expertise to thrive.

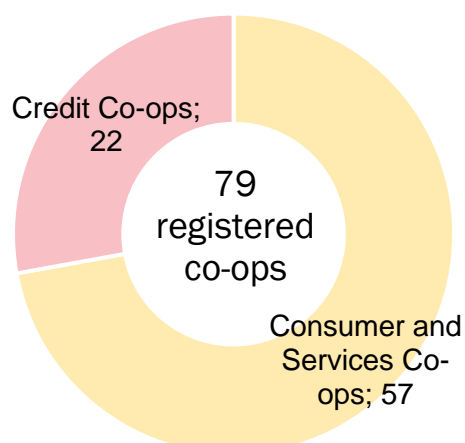
8. I extend my deepest appreciation to all co-op officers, members, and stakeholders for their dedication and partnership. Together, let us chart a path toward a vibrant co-operative sector that serves the needs of its members and contributes to a brighter and more inclusive future.

Desmond Chin
Executive Director, Registry of Co-operative Societies
December 2024

CO-OPERATIVE SOCIETIES STATISTICS

1. This Annual Report will share on the co-op sector in Singapore, the key statistics, policies launched during the year, and the Registry's upcoming initiatives.
2. Co-ops are member-owned businesses that operate on the principles of self-help and mutual assistance. They are formed when individuals voluntarily unite to meet common economic or social needs, through a jointly owned and democratically controlled organisation. Co-ops must be financially viable and professionally run to ensure they can continue to serve their members in fulfilling their social missions.
3. Co-ops in Singapore are regulated by the Registry, under the Co-operative Societies Act 1979 ("Co-op Act") and related Co-operative Societies Rules 2009.
4. Consumer and services co-ops offer goods and non-financial services at lower costs to members. The principle of democratic member control means that decisions are made by the members and are in the interest of the members. Some of our consumer and services co-ops provide employment opportunities, gather like-minded individuals, or buy and sell goods and services on a co-operative basis. Credit co-ops, on the other hand, provide financial services (i.e. take in deposits and grant loans) to members within a pre-existing common bond. Credit co-op members are generally from the same community, industry or organisation. Credit co-op officers have a fiduciary duty to their members to exercise prudent oversight over their deposits.

Key Statistics of FY2023



Co-ops' Compliance with Statutory Due Dates²

Audited Financial Statements ("AFS")	75%
Annual General Meeting ("AGM")	85%

974,000 members
\$16.0 billion³ in total assets
 as at 31 March 2024 ("FY2023")

5 co-ops deregistered during the year

Credit Co-ops' Compliance with Prudential ratios

Minimum Liquid Assets ("MLA")	100%
Capital Adequacy Ratio ("CAR")	79%
Restricted Investments ("RI")	89%

Consumer and Services Co-ops

52⁴ active consumer and services co-ops,



\$14.9 billion in total assets
850,000 members

Training for the sector

740 attendees
5 curated training courses.



Credit Co-ops

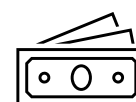
20⁵ active credit co-ops,



\$1.0 billion in total assets
125,000 members

Grants to co-ops

\$847,000 in CCF grants were disbursed to co-ops.



² In FY2023, 72 co-ops were required to hold their AGM and submit their AFS for the financial year ended 31 Dec 2022/ 31 Mar 2023 (the remaining co-ops were undergoing liquidation hence are not required to submit AFS/hold AGM). The statutory deadline is 6 months from the financial year end, or such longer period as the Registrar had approved.

³ Data derived from co-ops' latest submission of their Audited Financial Statements ("AFS").

⁴ Five consumer and services co-ops were undergoing dissolution as at financial year end.

⁵ Two credit co-ops were undergoing dissolution as at financial year end.

OVERVIEW OF CREDIT CO-OPS

5. Credit co-ops have demonstrated their value to members through their thrift and loan services. In FY2023, the sector held \$1 billion in total assets. Credit co-ops have provided financial support to their members through loans amounting to \$213 million as at the financial year end. The sector also held \$809 million in deposits from members, which reflects the sector's success in encouraging thrift and financial prudence.

6. Prudential requirements for credit co-ops strengthen risk management standards and prudence in operations (refer to Annex).

7. There were 19 credit co-ops subject to prudential ratios⁶.

8. All co-ops complied with the Minimum Liquid Assets ("MLA") requirement. The sector has remained financially stable and is able to meet members' withdrawal.

9. The compliance for Capital Adequacy Ratio ("CAR") has remained the same from FY2022 to FY2023 at 79% (15 co-ops). The Registry has been actively engaging the remaining 4 credit co-ops who have not met the CAR requirement and will continue to monitor their CAR.

Credit co-ops are only allowed to grant unsecured general loans to members at applicable limits. A credit co-op's unsecured general loan limits are dependent on the credit co-op's prudential ratios and loan arrangements with the member (such as salary check-off or qualified sureties).

⁶ Out of the 22 registered credit co-ops, 1 does not take in deposits and 2 are undergoing liquidation, and hence are not subject to prudential ratios.

10. There were 17 co-ops (89%) which complied with the Restricted Investments (“RI”) limit. RI ratio may increase due to co-ops purchasing more RI or market forces. Of the 2 co-ops that did not meet the RI limit, 1 was due to the withdrawal of members deposits. This reduced the co-op’s Total Assets (i.e. the denominator in the formula for RI), and consequently increased its RI ratio. The other co-op experienced an increase in RI ratio due to a fair value gain on its investments over the year.

Credit co-ops that do not meet the CAR requirement must take active steps to increase their institutional capital. This may include reducing operational expenses, dividends and deposit interest rates. If a credit co-op does not meet the minimum CAR, it must seek the Registrar’s written approval for their proposed dividends to members.

ACTIVITIES IN 2023 & 2024

Resources for Co-ops – Checklist of statutory requirements

11. The Registry published a “Checklist of Annual Statutory Requirements for Co-operative Societies” in April 2023 to support co-ops in preparing for and conducting their general meetings as well as to facilitate timely compliance with statutory requirements (*refer to www.mccy.gov.sg/coop under “Resources and useful links”*).

Guidelines on conduct of virtual and hybrid general meetings

12. The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders (“the Meetings Orders”) which permitted the conduct of virtual and hybrid general meetings during the COVID-19 period ceased on 1 July 2023. Thereafter, general meetings should be held in accordance with the Co-op Act and the co-op’s own by-laws. If a co-op would like the option of holding its meetings through electronic means from 1 July 2023, it should first amend its by-laws to expressly provide for such meetings.

13. To help co-ops in the conduct of their virtual or hybrid meetings, the Registry has published model by-law amendments and “Guidelines on the Conduct of Virtual and Hybrid General Meetings” (*refer to www.mccy.gov.sg/coop under “Resources and useful links”*). Co-ops should ensure that the virtual or hybrid formats incorporate best practices and leverage on technologies to enable inclusive and meaningful engagements between the Committees of Management (“COM”) and the

members. Co-ops should also note that individual members must vote in person (and not by proxy) and members must be able to ask questions, communicate their views and vote at the meeting in real time via electronic means.

Written Direction (“WD”) on Investments

14. The WD on investments was updated to remove outdated investment items, provide more clarity, and to update the list of disallowed investments. The revised WD was issued on 12 July 2023 and took effect from 1 August 2023.

Co-operative Societies (Amendment) Act 2024

15. The Registry held a public consultation exercise on the proposed amendments to the Co-op Act from 20 December 2023 to 10 January 2024. The proposed amendments aimed to facilitate co-ops’ operations, provide legal clarity on specified provisions and make technical



amendments to update the Co-op Act. The Registry took in feedback and amended some of the provisions to provide further clarity. Feedback that required further study would be

reviewed in future legislative amendments. The Co-operative Societies (Amendment) Act 2024 came into operation on 18 July 2024⁷.

16. Following the amendment, the Registry issued updated model by-laws which co-ops may refer to when amending their own by-laws to be aligned with the amended Act.

17. One of the key amendments was to enable co-ops to use their reserves to distribute dividends to members or pay honorarium to members of the COM, subject to the Registrar’s approval. The “Guidelines for payment of dividends and/or honoraria from reserves” was published on 18 July 2024. It sets out the relevant process for co-ops to seek Registrar’s approval for the use of such reserves (*refer to www.mccy.gov.sg/coop under “Resources and useful links”*).

Business Process Re-engineering (“BPR”)



Registry’s BPR Focused Group Discussion, May 2023

18. The Registry commenced a BPR exercise in April 2023 aimed at better meeting the service delivery needs and expectations of the sector and other stakeholders.

The Registry engaged an external consultant, PricewaterhouseCoopers Consulting (Singapore) Pte Ltd, to conduct deep dive sessions with the

⁷ The Second Reading of the Co-operative Societies (Amendment) Bill on 2 April 2024 is available at <https://www.mccy.gov.sg/about-us/news-and-resources/speeches/2024/Apr/Second-Reading-of-the-Co-Operative-Societies-Amendment-Bill>.

The Closing Speech on 3 April 2024 is available at <https://www.mccy.gov.sg/about-us/news-and-resources/speeches/2024/Apr/Closing-Speech-of-the-Co-Operative-Societies-Amendment-Bill>

Registry staff. Focused Group Discussions with 23 co-ops were also held to understand their pain points and bright spots of the processes. The implementation plan to aid the Registry's adoption of the proposed recommendations is targeted for completion by 2026.

19. The Registry has since revised its internal SOPs and embarked on other projects which aim to streamline our processes, enhance our service excellence and provide more efficient and effective communication with the co-ops. We trust that these upcoming changes will continue to fortify the relationships with co-ops and our stakeholders.

DEVELOPMENT AND PROMOTION OF THE SECTOR

Contributions from Co-ops

20. Under the Co-op Act, co-ops are required to contribute 5% of the first \$500,000 of their annual operating surplus to the CCF, and 20% of any operating surplus in excess of \$500,000 to either the CCF or the Singapore Labour Foundation (“SLF”).

21. The CCF is a fund set up under the Co-op Act. It is administered as a trust fund under the Minister for Culture, Community and Youth. The CCF can be used to further co-op education, training, research, audit, and the general development of the co-op movement in Singapore through the provision of CCF grants. Eligible co-ops can apply and obtain grants under the CCF Grant Framework (“the Framework”). The Registry and SNCF regularly review the Framework to ensure that the available grants can meet the evolving needs of the sector.

22. Co-ops’ contributions to the SLF are used to support initiatives of the Labour Movement’s unions and co-operatives to enhance the welfare of union members and their families in Singapore.

23. For the financial year ended 31 March 2024, co-op contributions to the CCF were **\$3.1 million** while the contributions to the SLF were **\$109.4 million**.

CCF Committee

24. The Minister for Culture, Community and Youth appoints the CCF Committee for the purpose of overseeing the CCF. The current Committee is serving a three-year term effective from 1 March 2024.

25. The Committee comprises of the following individuals:

Position in Committee	Name	Designation, Organisation
Chairman	Mr Vernon Khoo	Chairman and CEO, Flagship Ecosystems Investments Pte Ltd
Members	Mr Desmond Chin	Executive Director, Registry of Co-operative Societies
	Ms Sim Hwee Hoon	Board Director, Income Insurance Limited & Singapore Labour Foundation
	Mr Tng Ah Yiam	Chairman, SNCF
	Mr Yeo Chun Fing	Chairman, AUPE Credit Co-operative Ltd

26. CCF's income is derived from sector contributions and investment gains. The majority of this income, amounting to \$3.1 million in FY2023, came from co-ops' contributions. Consumer and services co-ops contributed \$431,000, while credit co-ops contributed \$2.6 million.

27. CCF expenses for the year amounted to \$4.7 million, of which \$4.6 million was for SNCF operations, grants to co-ops and other project expenses. The CCF remains committed to building capabilities and increasing the level of outreach in the sector.

28. SNCF serves as Secretariat to the CCF and provides services including training, shared services, CCF grants and networking opportunities. It also serves as the collective voice representing the co-op movement on local and international platforms.

29. The key initiatives conducted by SNCF during the financial year to promote and develop the sector are as shared below.

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Capability Building

30. **Training and Development** – SNCF continues to run the Mandatory Induction Course on regulatory requirements and governance best practices, which all newly appointed key officers of credit co-ops are required to attend. Some existing officers also attended the courses again to stay updated on the new best practices and share their experiences.

31. SNCF held coaching sessions on Tripartite Standards to help co-ops achieve recognition as progressive employers. SNCF also customised and developed new training courses for co-operators. For example, the Public Relations workshop held personalised consultations

for the 14 participating co-ops, and the Environment, Social and Governance (“ESG”) course, run by the Singapore University of Social Sciences (“SUSS”), was attended by 10 co-operators who were planning to implement ESG practices in their operations.

32. To further encourage sustainability among co-ops, SNCF enlisted the support of the Singapore Environment Council to assist co-ops in obtaining the SG Eco Office Certification.

33. To support the ‘Silver Population and Healthier SG Conference’ organised by Silver Caregivers Co-operative Limited and GP+ Co-operative Limited, SNCF introduced a co-op peer support programme. Co-operators contributed by purchasing conference tickets, and SNCF



Senior Parliamentary Secretary, Ministry of Culture, Community and Youth & Ministry of Social and Family Development, Mr Eric Chua (second from left), with fellow co-operators at the Silver Population and Healthier SG Conference
Photo credit: Silver Caregivers Co-operative Limited and GP+ Co-operative Limited

matched this by sponsoring additional tickets for co-ops in the health and wellness industry. This initiative allowed more co-operators to attend the conference and learn about future essential staff skills and enhanced services for their members.

34. Emerging Leaders Programme (“ELP”) – SNCF initiated the ELP



SNCF officers and ELP participants for 2024
Photo credit: SNCF

to groom emerging leaders and enhance leadership succession. In collaboration with Republic Polytechnic and with inputs from co-op leaders, the programme covers areas like leadership

skills development, promoting financial inclusiveness amongst younger Singaporeans through credit co-ops and mental well-being for caregivers and youths.

35. The inaugural run in 2023 saw 11 participants take part in a leadership camp that included a four-month group work activity. The second run in 2024 included another 11 participants from 8 co-ops who worked on solutions for real-world problems faced by their co-ops.

36. Advisory and Support to co-ops – SNCF actively engages with co-ops through visits and online surveys. The engagements are helpful to obtain co-ops’ suggestions and feedback to improve processes like the application of CCF grants. In addition, SNCF also advises on grant applications, business plans and templates for internal policies.



Co-operative Movement Night 2023: Minister of State for Culture, Community and Youth, Mr Alvin Tan (eighth from left), with co-operators who have kickstarted sustainability efforts within their co-ops



Co-operative Movement Night 2023: SNCF and SUSS representatives at the signing of the Memorandum of Understanding
Photo credit: SNCF

37. Conferences and Events organised by SNCF – SNCF held the annual Co-operative Movement Night on 21 September 2023, themed “Sense and Sustainability”. The event showcased co-ops’ efforts and contributions to sustainability goals. A Memorandum of Understanding was also established between SNCF and SUSS, which supports co-ops in embracing ESG through exchanges between industry partners and academia.

38. SNCF also organised the Annual Co-operative Leaders’ Conference (“ACLC”) from 15 to 18 October 2023 in Taipei, Taiwan. Its theme was “Running Sustainable Businesses”. The conference featured thought leaders from Singapore, and Taiwan’s co-op movement, to share insights and practices of sustainable businesses. Additionally, the conference



ACLC attendees in Taipei, Taiwan, October 2023
Photo credit: SNCF

shared on the evolving trends in cyber threats and how businesses can protect themselves and operate sustainably.

CCF Grants

39. **Grants to co-ops** – In FY2023, \$847,000 in grants were disbursed. Most of grants were to assist co-ops in their technology and productivity solutions, specialist needs, and the Progressive Workplace Grant.

40. The Registry and SNCF regularly review the CCF Grant Framework to ensure that it continues to meet the evolving needs for co-ops. In FY2023, the Registry and SNCF have worked together to rationalise and update the grant conditions and simplify the grant application forms for co-ops. Adopting a risk-based approach, the updated conditions and forms provide more clarity and reduced administrative burden.

41. The Registry encourages all co-ops to tap on the CCF grants to strengthen internal controls, digitalise and improve service delivery to members. We will continue to explore new CCF grants to complement existing grants to drive growth and enhance effectiveness in the sector.

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Awareness efforts

42. **Singapore Co-operative Movement (“SCM”)** – Through social media, media and newsletters, SNCF features the SCM and co-ops to educate the public about co-ops and their impact on their members and communities. The campaign handle *@sgcoopmovement* can be found on Instagram and Facebook. SNCF also published real-life stories on local and international news outlets to share about SCM, key initiatives and events.

43. International Representation – SNCF, together with co-ops, actively engaged in regional and international conferences, such as the Asian Credit Union Forum 2023 in Nepal and the World Credit Union Conference 2023 in Canada. These conferences allowed co-operators to understand the latest trends and best practices impacting the co-op movement worldwide, learn from peers on strategies to improve operations at their co-ops, and network with fellow co-operators and international thought leaders.



The Singapore delegation at the World Credit Union Conference, July 2023 (left) and the Asian Credit Union Forum, September 2023 (right)
Photos credit: SNCF

2024 AND BEYOND

Legislative Amendments

44. The Registry continues to conduct regular reviews of co-op legislation to ensure they remain relevant and effective. The Registry will conduct public consultations to seek feedback on proposed legislative amendments.

Development of Co-ops

45. In August 2024, SNCF held the Co-op Movement Night themed “A Toast to Our Leaders.” The Minister of State for Culture, Community and Youth, Mr Alvin Tan, emphasized on the importance of co-ops staying relevant and developing new leaders, and shared how the Registry and SNCF will continue to support the co-op movement.



Minister of State for Culture, Community and Youth, Mr Alvin Tan (eighth from right), SNCF CEO, Mr Ang Hin Kee (fourth from right), and other co-operators during Co-op Movement Night, August 2024

46. As part of efforts to further develop the co-op sector, the Registry will collaborate with SNCF to strengthen capabilities of co-op officers in navigating the changing business environment and meeting members’ needs while upholding high standards of governance. Such initiatives include the development of an induction guide for key officers, update of

the Code of Governance, and provision of standard policies and procedures.

47. As part of the centennial anniversary of the co-op movement, and with support from the CCF committee and the government, the Registry and SNCF will also set up a \$1 million Empowering Communities Fund in 2025 for meaningful projects by co-ops that will benefit vulnerable communities.

RCS Online Submission Portal

48. The Registry will continue implementing the BPR recommendations. We will adopt digital solutions for co-ops' submissions and our internal processes to drive service excellence, increase efficiency and transparency, and facilitate data analytics to identify and address emerging trends and risks in the landscape.

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Conclusion

49. As the sector approaches its centennial anniversary, co-ops must continue to build their capabilities and competencies, maintain relevance and serve their members and society. The Registry is committed to supporting the co-op sector through legislation that facilitates the development and operations of co-ops, and initiatives that strengthen co-ops' leadership competencies and governance standards.

50. The Registry will continue to work with our partners, the CCF Committee and SNCF, to support co-ops and co-operators in their journey.

ANNEX – PRUDENTIAL REQUIREMENTS FOR CREDIT CO-OPERATIVES

The issuance and effective dates of the Written Directions are indicated below:

Written Direction on Prudential Requirement	Issue Date	Effective Date
Capital Adequacy and Restriction on Dividend	21 Apr 2011 Revised: 21 May 2020	30 Jun 2011 Revised: 21 May 2020
Minimum Liquid Assets	12 Mar 2010 Revised: 29 Jun 2016	31 Mar 2010 Revised: 1 Jul 2016
Investments	31 May 2010 Revised: 12 Jul 2023	30 Jun 2010 Revised: 1 Aug 2023
Provisions for Bad and Doubtful Loans, and Impairment Loss for Investments	26 Nov 2010 Revised: 18 Dec 2018	1 Jan 2011 Revised: 21 Dec 2018
Secured Loan Limits	29 Aug 2011	1 Nov 2011
Unsecured Loan Limits	31 Oct 2011 Revised: 23 Jun 2021	1 Apr 2012 Revised: 25 Jun 2021
Submission of Financial Returns	2 Feb 2012 Revised: 7 May 2013 [Submission Template was last updated in 12 July 2023]	6 Feb 2012 Revised: 10 May 2013

Capital Adequacy Ratio and Restriction on Dividends

The Capital Adequacy Ratio (“CAR”) ensures that credit co-ops have sufficient institutional capital to absorb operational losses. It is calculated as:

$$\text{CAR (\%)} = \frac{\text{institutional capital}}{\text{total assets}} \times 100$$

“institutional capital” is the sum of the following:

- a) the credit society’s accumulated surplus/deficit or unappropriated surplus;
- b) the credit society’s general reserves or general funds (excluding reserves and funds established for specific purposes, such as, common good, scholarship, fair value or revaluation, loan default, or provisions for bad and doubtful loans);
- c) cash donations.

25

Credit co-ops with less than the CAR requirement as at financial year end and which intend to distribute dividends from that year’s surplus must seek the Registrar’s written approval for the proposed dividends.

Minimum Liquid Assets

Minimum Liquid Assets (“MLA”) ensures that credit co-ops which receive deposits have sufficient liquid assets at any given time to meet day-to-day and higher than usual withdrawals by their members. It is calculated as:

$$\text{MLA (\%)} = \frac{\text{liquid assets}}{\text{total deposits}} \times 100$$

“Liquid assets” refer to cash, Singapore dollar deposits in Financial Institutions and Singapore Government Securities that are free from prior encumbrances.

“Total deposits” means the sum of the following which are held by the credit society: all moneys in the current accounts and deposit accounts, and subscription capital.

Investments

“Restricted Investments” or “RI” means any form or type of investment other than –

- a) bonds issued by any statutory board in Singapore;
- b) Singapore Dollar deposits in financial institutions licensed by the Monetary Authority of Singapore;
- c) Singapore Government Securities; and
- d) capital-guaranteed investment funds or products managed by financial institutions licensed by the Monetary Authority of Singapore, where the issuer(s) guarantee the return of 100% of the capital invested at a predetermined date in the future.

Credit co-ops are allowed to invest up to 10% of their total assets into RI. Credit co-ops may seek members’ approval for a 20% RI limit, or members’ and Registrar’s approval to invest up to 30%, subject to conditions.

Provisions for Bad and Doubtful Loans, and Impairment for Investments

Credit co-ops must make the relevant provisions and impairments in accordance with FRS109 at least half-yearly.

Secured and Unsecured Loan Limits

Credit co-ops may grant secured and unsecured loans in accordance with the limits prescribed by the Registry, which vary according to loan type.

Depending on a credit co-op's CAR and MLA, and if the borrower has salary check-off or qualified sureties, credit co-ops may grant unsecured general loans to each borrower up to the applicable loan limit. Any amount of the unsecured general loan above the applicable loan limit of a borrower is considered as an "exceptional unsecured loan".

All credit co-ops are subject to an "exceptional unsecured loan allowance", which is the maximum amount of exceptional unsecured loans a credit co-op may grant in a financial year. The exceptional unsecured loan allowance is calculated as 5% of either:

- a) The total amount of unsecured general loans granted in the previous financial year; or
- b) The average per financial year of the total amount of unsecured general loans granted in the previous two financial years.