



PUBLIC SECTOR EMPLOYEES
CO-OPERATIVE CREDIT UNION LIMITED

2019 | ANNUAL REPORT



ARE YOU BUILDING, BUYING OR UPGRADING YOUR HOUSE?
BORROW UP TO \$1.5MILLION
 (FINANCED BY NHT) & GET UP TO 5 YEARS TO REPAY

REQUIREMENTS TO APPLY

- You must be a NHT contributor or become a registered contributor
- You must become a member of the Public Sector Employees Co-operative Credit Union Limited
- You must be earning less than \$42,000 weekly
- Maximum cash at any one point is \$850,000

USE LOAN TO:

- Make a down payment on a property
- Purchase or build on your land
- Acquire a title for your property
- Infrastructure (upgrade or new)
- Home improvements
- Acquire valuation/surveyor report
- Install solar (energy saving) products



HEAD OFFICE

7-9 Union Square, Cross Roads
 Kingston 5
 Tel: 876-929-8017, 929-1845/55
 Fax: 876-920-2148

BRANCH LOCATIONS

ST. CATHERINE
 Shop 6 Caribbean Estate Shopping
 Plaza, Portmore
 Tel: 876-632-6424 or 631-0335

ST. MARY
 Shop 10F Pompano Shopping
 Complex, Tower Isle, St. Mary
 Tel: (876) 975-5754 or 975-5649
 Fax: (876) 975-5024

ST. JAMES BRANCH
 Shop 10 Icon Mall
 12 Crane Boulevard, Fairview
 Montego Bay
 Tel: (876) 971-2306 or 979-3046
 Fax: (876) 940-4720

MANCHESTER BRANCH
 9 Ward Avenue, Mandeville
 Tel: (876) 625-8583 or 619-3109
 Fax: (876) 625-8583



@pseccuja

Website: www.pseccreditunionja.com
 Email: info@pseccreditunionja.com

DRIVE AWAY YOUR DREAM CAR... FASTER !!!! MOTOR VEHICLE LOAN

Get up to 100% financing | Fast approval | Flexible payment terms



*conditions apply

PURCHASE VEHICLES

UP TO **10**
 YEARS OLD

INTEREST RATE AT

7.99%
 PER ANNUM

GET UP TO

10
 YEARS TO REPAY

PRAYER OF ST FRANCIS

Lord, make me an instrument of your peace;
where there is hatred, let me sow love;
where there is injury, pardon;
where there is doubt, faith;
where there is despair, hope;
where there is darkness, light;
and where there is sadness, joy.

O Divine Master,
grant that I may not so much seek to be consoled
as to console;
to be understood, as to understand;
to be loved, as to love;
for it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal life.
Amen.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the

52ND ANNUAL GENERAL MEETING

of the

**PUBLIC SECTOR EMPLOYEES
CO-OPERATIVE CREDIT UNION LIMITED**

will be held on

FRIDAY, OCTOBER 16, 2020

at

**THE JAMAICA PEGASUS HOTEL
81 Knutsford Boulevard, Kingston 5**

Commencing at 10:00 a.m.

Registration begins at 9:00 a.m.

DRESS CODE: BUSINESS CASUAL

Errol Adams
Secretary

VISION STATEMENT

To become the financial institution of choice for our members.

MISSION STATEMENT

Our mission is to:

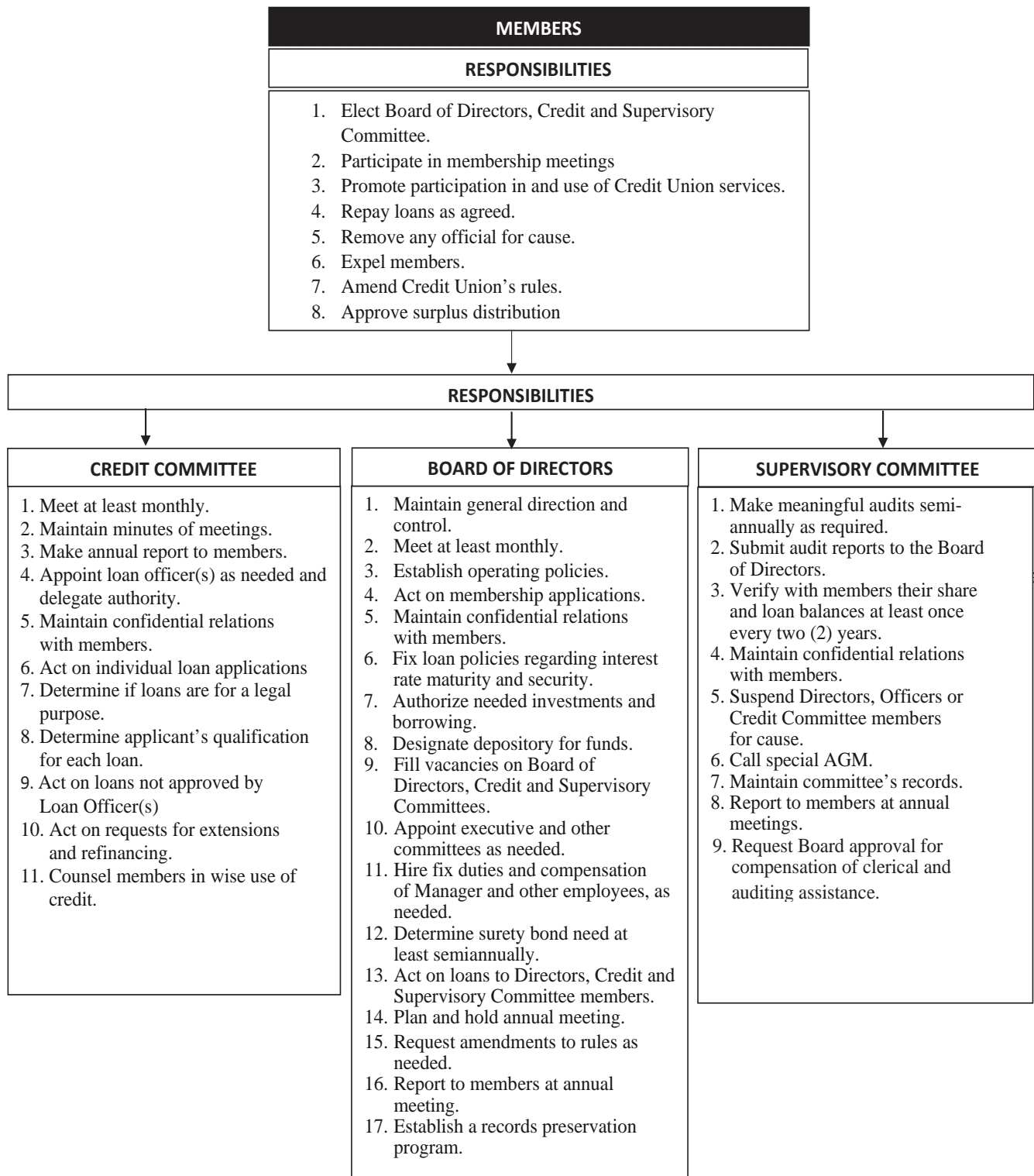
- Serve the financial needs of our members by providing high quality and competitive services while maintaining fiscal soundness.
- Provide our members with products and services that are desirable and that provide value in an environment of trust and integrity.
- Provide financial counseling and responsible advice.

VALUE STATEMENT

- Member Service Excellence – We strive for the highest quality service by providing all members with friendly, knowledgeable and helpful service. We use technological advancements to ensure that our members have access to a wide range of financial products and services that are tailored to meet their needs.
- Financial Excellence – We make sound decisions that will ensure financial success for our members.
- Employees – We provide a safe work environment that fosters team work, personal development, and career advancement. We respect our employees and their contribution to our success.

ORGANIZATIONAL CHART

CREDIT UNION ORGANIZATIONAL CHART MEMBERS AND ELECTED COMMITTEES



MEETING AGENDA

1. Ascertaining that a quorum is present
2. Call to Order
3. Opening Prayer
4. Moment of Silence for Deceased Members
5. Welcome and Apologies
6. Confirmation of Minutes of the 51st Annual General Meeting held on August 10th, 2019 and Discussing Matters Arising There From
7. Reports of the:
 - i Board of Directors
 - ii Treasurer and Auditors
 - iii Credit Committee
 - iv Supervisory Committee
 - v Nomination Committee

Nominees acceptance for:

Board of Directors
Credit Committee
8. Election of:
 - i Supervisory Committee
9. Distribution of Surplus
10. Fixing of Maximum Liability
11. Appointment of Auditors
12. Any Other Business
13. Drawing of Prizes
14. Vote of Thanks
15. Termination
16. Lunch

PARLIAMENTARY RULES

1. ORDER OF BUSINESS

An agenda shall be prepared by the Chairman and Secretary, and all items thereon shall take precedence over all other business. Any member desirous of introducing business for the consideration of the meeting may do so after the business on the agenda has been completed, or may give notice to be discussed at a further meeting.

2. SUSPENSION OF STANDING ORDER

In the event of any matter of urgency, however, the Chairman may accept a suspension of the Standing Order. The member moving such suspension must clearly state the nature and urgency of his business, the numbers of the standing orders affected, and the length of time he desires such suspension to last. At the option of the meeting, a further extension may be allowed, but no suspension shall take place except by majority vote of the members present.

3. MINUTES

No motion or discussion shall be allowed on the Minutes except in regard to their accuracy. After the confirmation of the Minutes, they shall be signed by the Chairman, and the members shall then be at liberty to ask questions in regard to matters arising out of them. Such questions shall be allowed for purposes of information only, and no debate on the policy outlined in the Minutes shall take place. All persons desiring the floor shall rise and address themselves to the chair. They shall state their name and the department which they represent, if recognized by the chair, they shall have the privilege of the floor and all the rights thereof.

All speakers are to make use of the microphones when addressing the Meeting in order that it be recorded and made a permanent record in the Meeting proceedings.

Should two or more persons rise at the same time, the chair shall decide, without debate, who is entitled to the floor. An accredited member shall have the right to speak and vote on all issues coming before the meeting. Persons other than accredited members, so certified, may speak with the permission of the Chair but shall not vote on any issue.

4. SPEECHES

No member shall be allowed to speak more than once upon any motion before the meeting, unless on a point of order, or explanation, except the mover of the original Motion. But on an amendment being moved, any member even though he has spoken on an original Motion, may speak on the amendment. No member for more than five minutes at a time. Members wishing to raise points of order or explanation must first obtain the permission of the Chairman and must raise immediately the alleged breach which has occurred. Any member may formally second any motion or amendment and raise his speech until a later period in the debate.

No person shall interrupt another who is speaking except on a point of order, a Parliamentary inquiry, or a point of information. If it should come to pass that a speaker is called to order while speaking, the Speaker should take his seat until the question of order is determined.

5. CHAIRMAN'S RULING

The ruling of the Chairman on any question under the Standing Orders, or on points of order or explanation, shall be final, unless challenged by not less than four members, and unless two-thirds of the members present vote to the contrary.

6. INTERRUPTION

If any member interrupts another while addressing the meeting or uses abusive or profane language or causes disturbance at any of the meetings, and refuses to obey the Chairman when called to order, he shall be named by the Chairman. He shall there upon be expelled from the room and shall not be allowed to enter again until an apology satisfactory to the meeting be given. A question shall not be subject to debate until it has been duly moved and seconded and is stated from the chair.

7. MOTIONS AND AMENDMENTS

The first proposition on any particular subject shall be known as the Original Motion, and all succeeding propositions on the subject shall be called amendments. Every motion or amendment must be moved and seconded by members present at the meeting before they can be discussed, and, wherever possible, should be set

PARLIAMENTARY RULES

forth in writing. It is permissible for a member to make his speech first and conclude with a motion. When an amendment shall be discussed until the first amendment is disposed of notice of any further amendment must be given before the first amendment is out to the vote.

8. SUBSTANTIVE MOTIONS

If an amendment be carried, it displaces the Original Motion and itself becomes the substantive motion, whereupon any further amendment relating to any portion of the substantive motion may be moved, provided it is consistent with the business and has not been covered by an amendment or motion which has been previously rejected. After the vote on each succeeding amendment has been taken, the surviving proposition shall be put to the vote as the main question, and if carried shall then become a resolution of the meeting.

9. RIGHT OF REPLY

The mover of the Original Motion shall, if no amendment be moved, have the right of reply at the close of the debate upon such motion. When an amendment is moved, he shall be entitled to speak thereon in accordance with Standing Order No. 8 and at the close of the debate on such amendment shall reply to the discussion, but shall introduce no new matter.

The question shall then be put to the vote immediately, and under no circumstances shall any further discussion be allowed once the question has been put from the Chair. The mover of an amendment shall not be entitled to reply.

10. WITHDRAWALS OR ADDITIONS

No motion or amendment which has been accepted by the Chair shall be withdrawn without the majority vote of the meeting. Neither shall any addendum or rider be added to a motion, which has been accepted by the Chair without majority vote. Should any member dissent, the addendum must be proposed and seconded, and treated as an ordinary amendment.

11. CLOSING DEBATE

The motions for the previous question, next business, or the closure, may be moved and

seconded only by members who have not previously spoken at any time during the debate. No speeches shall be allowed on such motions. In the event of the closure being carried, the mover of the Original Motion shall have the right to reply in accordance with Standing Order NO.6 before the question is put. Should anyone of the motions mentioned in this Standing Order be defeated, thirty minutes shall elapse before it can be accepted again by the Chairman, unless he is of the opinion that the circumstances have materially altered in the meantime.

12. ADJOURNMENT

Any member who has not already spoken during the debate may move the adjournment of the question under discussion, or of the meeting, but must confine his remarks to the question and must not discuss any other matter. The mover of the motion upon which the adjournment has been moved, shall be allowed the right to reply on the question of the adjournment, but such reply shall not prejudice his right of reply on his own motion.

In the event of such motion being lost, it shall not be moved again. Any member may demand a division of the question before the House, when the sense of it would permit. Any member may call for a division of the House (that is, for a roll call vote) when there appears to be a reasonable doubt as to the accuracy of the vote as announced by the Chair. A motion to lay on the table shall be put without debate.

A motion for reconsideration shall not be entertained unless at the same or following session by a member who voted on the prevailing side, and shall require a majority vote.

Any two members shall have the right to demand (by majority vote) that the room shall be cleared of all but accredited delegates to transact business of a nature that precludes premature publicity. Whispering, loud talking, or other disturbances calculated to disturb anyone while speaking will not be tolerated.

51ST ANNUAL MEETING MINUTES

**MINUTES OF THE 51ST ANNUAL GENERAL MEETING OF THE
PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
HELD ON SATURDAY AUGUST 10, 2019
AT THE JAMAICA CONFERENCE CENTRE,
14 - 20 PORT ROYAL STREET, KINGSTON.**

Present at the Head Table were:

Mr. Calvin Allen	-	President
Miss Jeanette Davis	-	Vice President
Mr. George Hunter	-	Treasurer
Mr. Christopher Murdock	-	Asst. Treasurer
Mr. Errol Adams	-	Secretary
Miss Dacy-Ann Graham	-	Assistant Secretary
Mr. Eric Wint	-	Director
Mr. Andrew Johnson	-	Director
Rev. Courtney Faulknor	-	Director
Mr. Osmond Bromfield	-	Chief Executive Officer

CALLED TO ORDER

The Chairman Mr. Calvin Allen upon being advised by the Secretary that a quorum was in place, called the 51st Annual General Meeting of the Public Sector Employees Co-operative Credit Union to order and invited the Secretary to read the notice convening the meeting.

DEVOTION AND TRIBUTE

The Chairman invited Rev. Courtney Faulknor to do the devotional exercise and to pay respect and tribute to those members who had transitioned during the year under review. Subsequent to the devotional exercise, which ended with the repeating of the Prayer of St. Francis, Reverend Faulknor invited the meeting to stand and share in a moment of silence in honour of the following persons:

NAMES	DATE OF PASSING
Samuel Brown	February 8, 2018
Lascelles Fuller	February 14, 2018
Hecteco Bramwell	March 2, 2018
Richard Nelson	July 5, 2018
Courtney Johnson	July 11, 2018

Errol Jefferey	July 25, 2018
Rohan Bucknor	August 20, 2018
John Nairne	October 22, 2018
Shudney Cassanova	November 13, 2018
Maxwell Rose	December 19, 2018
Jennifer McDonald	December 24, 2018
Annmarie Lawrence	December 26, 2018

Seated on the platform and duly recognized were:

Credit Committee

Mr. Michael Farquharson - *Chairman*, Mrs. Carlene Allen - *Secretary*, Mr. Steven Watson – *Member*, Mrs. Patsie Wallen-Lindsay – *Member*, Mr. Anthony Lewis – *Member*.

Supervisory Committee

Mr. Omar Drysdale – *Chairman*, Mr. Nigel Davis - *Secretary*, Mrs. Sancha Miller-McPherson – *Member*, Mrs. Juniffer Dixon-Gordon – *Member*, Miss Julian Oscar – *Member*.

51ST ANNUAL MEETING MINUTES

APOLOGIES FOR ABSENCE

Apologies for absence were tendered for Mrs. Daphne McCaulsky-Johnson who was unavoidably absent.

WELCOME AND OPENING REMARKS

The Chairman extended warm welcome to everyone present and lauded them for making the effort to be out on a Saturday, a day when he was sure they had so many other things to do and other places they could have gone. He especially lauded the ardent English football fans who would have forfeited some matches to be at the AGM.

He proceeded to acknowledge some key persons who were visiting from other credit unions and other affiliate entities and some stalwarts from the former ISCF and our own Credit Union. He mentioned: Mr. Michael-David Webb, Mr. Floyd Ebanks and Mr. Michael Clarke from the Department of Co-operatives and Friendly Societies; Mrs. Sonia Taylor, Mr. Reuben Kelly and Mr. Weeman Clarke, General Manager, President and Business Development Manager respectively of the Correctional Services Co-operative Credit Union; Mr. Marco Williams from CUNA Caribbean; Mr. Dawkins Brown representing the auditing firm Crowe Horwath; Mr. Clembert Powell former Commandant of the ISCF and former Director of the Credit Union; Mrs. Barbara Coore-Farr, President of the Nurses Association of Jamaica and Health Services Credit Union; Miss June Wright from Sea Garden Beach Resort; Miss Brendalyn McFarlane; Mrs. Joan Thompson and Mr. Dennis Brown from JCIA, Mr. Bartley from QNET and last but by no means least was Mr. Carl Bryan our stenographer.

MINUTES OF THE 50TH ANNUAL GENERAL MEETING HELD JUNE 9, 2018

The President invited the secretary Mr. Errol Adams to lead that segment of the proceedings. The secretary reminded the meeting that The Minutes of the 50th Annual General Meeting held June 9, 2018 were circulated electronically and in hard copy and invited a motion for them to be taken as read. A motion was so moved by Mr. Michael Farquharson seconded by Mr. Roy Earle.

CORRECTIONS AND CONFIRMATION

The following corrections were made to the Minutes:

- Under Apologies for Absence, Mr. Christopher Murdock was struck as he was very much present.
- On page 3 under Greetings from the Registrar, the year 1962 was amended to read 1968 and it should have read **'...coming together to form the Jamaica Special Constabulary Credit Union'** instead of **'Island Special Constabulary Credit Union'**
- Under Prizes and Surprises, **'Kimone Parkes'** was amended to read **'Kimone Parks'**.

The Minutes were then confirmed on a motion by Mr. Steven Watson seconded by Anthony Lewis.

The President commented on the good quality of the minutes and recognized to rousing applause, the efforts of the Secretary.

MATTERS ARISING FROM MINUTES

No matter for discussion arose from the Minutes.

The President paused at that point to inform the meeting that the meeting was being streamed

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live and extended welcome to the online viewers.

REPORT OF THE BOARD OF DIRECTORS FOR YEAR ENDED DECEMBER 31, 2018

The report of the Board of Directors was delivered by the Chairman. He reported that it was another successful year of operation for the Public Sector Employees Co-operative Credit Union realizing overall asset growth of 18.38%. He attributed the success to careful fiscal steering and hands-on actions in a dynamic economic environment with the main objective being satisfying the members' financial needs. That mission of empowering the economics of members continued and saw the society operating efficiently through the provision of high quality, financial services and prudent counsel, maintaining in the process values of integrity, financial prudence, transparency and conformity with statutory regulations.

The Jamaican Economy

The chairman highlighted tenets of the Jamaican economy which would have impacted the performance of the Credit Union and would serve to help put into perspective how well the Credit Union had performed.

The Jamaican economy saw an historical low level of unemployment, improvement in economic growth and continued low inflation rate. Inflation for 2018 was 2.4%; 2.8% lower than 2017. Unemployment rate was 8.7% as at October 2018 compared to 10.4% in 2017, a reduction of 1.4%. Real Gross Domestic Product (GDP) in 2018 experienced its strongest growth for a calendar year since 2011 closing at 1.9%. The exchange rate market experienced a series of appreciation and depreciation in 2018 culminating with the local currency depreciating by 2.2%.

The Credit Union Movement's Performance

The Chairman highlighted that despite a marginally improving Jamaican economy and an increasingly competitive financial services industry, Jamaican credit unions performed admirably for 2018. There were overall increases in key areas of operations to include: Total Assets, Net Loans, Savings and Membership. The action of mergers, and in one instance the conversion to a Thrift Society, saw the number of credit unions being reduced from 28 to 26 as at December 2018. Other key performance indicators for the movement were: growth in savings by 10.70% from \$80.6B to \$89.3B, the value of loans increased from \$71.5B to \$79.6B an increase of 11.4% over previous year, Total Assets increased by 10.4% to \$115B up from \$104B at the end of 2017, credit unions' membership increased in 2018 to 1,020,582 from the 1,015,264 recorded in 2017.

The Public Sector Employees Co-operative Credit Union

The Chairman in continuing his report stated that the Public Sector Employees Co-operative Credit Union realized another successful year of operations which resulted in Gross Income of \$294.1M, an increase of 15.9% over 2017 while Operational Expenses were contained to \$269.6M. The result was Net Income of \$24.4M, or 157% increase over 2017. This result, reported the Chairman, was due to significant growth in Loan Interest Income and Fees income.

Capital Base

Mr. Allen pointed out that the Credit Union continued to work in readiness for the passing of the Jamaica Credit Union Act and reminded the meeting that Capital Adequacy was the main requirement for licensing under the BOJ Credit Union Regulations. He proudly pointed out that our Institutional Capital stood at 12% which was

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above the minimum requirement set by the Jamaica Co-operative Credit Union League's PEARLS standard and the Bank of Jamaica primary ratio of 8% and 6% respectively. Being in that position suggested that if the Act was passed immediately, the Credit Union would be in a superior position for licensing.

PERFORMANCE IN KEY AREAS OF OPERATIONS

The performance of the Credit Union in key areas for operations resulted in:

- Total Assets moving from \$2.1B to \$2.4B, an increase of \$387M or 18.38% for 2018.
- The Loan Portfolio increased by \$334.5M or 20.52% moving from \$1.6BB in 2017 to \$1.9B in 2018.
- The Savings moved from \$1.3B in 2017 to \$1.6B in 2018, this represented growth of \$295M or 22.59%

Delinquency

The Chairman reported that in January 2018 the Credit Union implemented the International Financial Reporting Standard 9 (IFRS 9) which immediately impacted the loan loss provisions. Consequently, the provisions for loan loss increased by \$15.8M over 2017 as delinquent loans increased by \$14.7M. However, in an effort to keep delinquency at a minimum, the following measures were employed; contracting the services of two Credit Bureaus and filing court cases against delinquent members. As a result of these actions, delinquency at the end of 2018 stood at 2% of our loan portfolio. It was to be noted that this was significantly below the Credit Union Movement's standard of 5%.

Risk and Compliance

In keeping with the requirement to establish and implement policies, procedures and programmes to prevent and detect money laundering and the finance of terrorist activities in compliance with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) laws, the Board of Directors appointed a Nominating Officer. The Nominating Officer had the dual role of managing legal matters as well as Enterprise Risk Management. Throughout 2017 the Credit Union continued to develop Enterprise Risk Management to ensure that the risks undertaken to increase profitability were adequately identified and managed. This was enabled through the use of the risk register and the consistent updating of policies and procedures to manage the identified risks. Additionally, the Credit Union continued to maintain a high level of compliance with all laws and regulations relating to its operations.

Throughout 2018, the Credit Union continued its work on the Enterprise Risk Management framework, given the importance of having one that is sound and effective. The measures that were taken towards its improvement included:

- Threshold and suspicious transaction reporting to the designated authority.
- Know your customer, due diligence (updating customer information)
- Employees integrity awareness
- Evaluation of the Credit Union's compliance with regulations and guidance notes
- AML/CFT and POCA training and retraining of staff and volunteers

Products and Services

The Board's commitment to provide the correct blend of products and services to the satisfaction of all members remained unchanged, reported

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the Chairman. The wide range of services included; Online Banking where members could transfer funds, pay bills and check account balances from the comfort of their homes or from anywhere in the world, the opening of a new branch in Portmore and the relocation of the Montego Branch to a more convenient and comfortable location at Shop #10 Icon Mall, Fairview, Montego Bay. Supplementary services such as Bill Express and the Family Indemnity Plan Insurance, Critical Illness Insurance and Group Life Insurance were still being offered.

The products offered by the Credit Union featured secured loans for all purposes and savings accounts that attract the most competitive rates of returns on the market. Additionally, interest rates were reduced on Home Acquisition Loans, Home Equity Loans and new Motor Car Loans to 7.99%, 8.99% and 7.99% respectively. Additional benefits were created for members when the Credit Union partnered with the National Housing Trust where members earning up to \$42,000.00 per week could access up to \$1.5M to assist with home acquisition deposits, effect repairs, solar panel installation etc.

Human Resource Development

The Board of Directors continued to invest in the development and training of staff and volunteers to add significant value to the Credit Union, recognizing that the human resource must be able to support and enable the execution of strategy. To this end, personnel were exposed to a number of training programmes designed to achieve the highest level of efficiency relevant to job function and to enhance the ability to give quality service and professional advice. The mix of internal training programmes to which staff, management and volunteers were exposed, included but not confined to: Customer Service, Sales and Cross

Selling, Customer Charter and Complaints Procedure, Proceeds of Crime Act, Management Procedures and Products and Services Overview. They also participated in programmes conducted by the League, these included: Financial Instruments (IFRS 9), Credit Administration, Classification and Provisioning and Non-Accrual Requirement Workshop, Insolvency Act Awareness Session, Business Continuity Planning and Sensitization Workshop, Audit Technique for Supervisory and Internal Auditors, Orientation for New Credit Union Staff, Delinquency Management and Meeting Protocols for Credit Union Presidents and Secretaries.

Staff Complement

The Credit Union at the end of 2018 had staff complement of 49 serving the head office and four other branches. Throughout the year nine (9) persons were employed while four (4) resigned.

Marketing and Communications

The Chairman indicated that the Credit Union in 2018 embraced the whole digital marketing concept. To that end, the Marketing Department engaged in several digital marketing campaigns on the Google platform to advertise our products and services. This was in line with the focus of the Marketing and Communications Department which was to position the society's brand to achieve desired goals through strategic marketing activities. These activities included product promotions, among others. To this end, special emphasis was placed on the Special Deposit Investment account which saw tremendous growth for 2018.

The Value Statement of the Credit Union behooved the institution to manage its relationships and interactions with its members. The Chairman reported that accordingly, quarterly Newsletters, welcome letters and text

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messages were sent to members, as also brochures, social media and our website were utilized to keep them informed of new and updated products. The Credit Union's brand presence online was increased through Instagram and Facebook and partnerships were forged with radio stations such as IRIE FM, Power 106 and ZIP 103 FM.

50th Anniversary Celebrations

The year 2018 marked fifty (50) years of existence for the Credit Union. To mark its golden anniversary, a special logo was developed by the Credit Union. This was captured on all promotional materials and correspondences. A special anniversary supplement was also published in the Jamaica Gleaner to highlight the Credit Union's history and success over the years. Additionally, a special church service was held at the Emmanuel Apostolic Church to kick start a week of activities in celebration of the milestone anniversary.

Credit Union Week

The Chairman highlighted that Credit Union Week was an annual event on the Credit Unions' calendar. For 2018, it was celebrated from October 14-18, 2018 under the theme ***"Find Your Platinum Lining"***. A key activity during the week was Customer Appreciation Day. This was held at all branches where members were treated to medical testing, prizes and surprises and even received tickets to movies at the Carib Theatre compliments of the Credit Union League.

Online Banking

Online banking which was introduced in 2014 continued to provide ease and convenience to members in doing business with the Credit Union. Mr. Allen reminded the meeting that the introduction of online banking allowed members to access their account and perform a myriad of

transactions from anywhere in the world, 24 hours per day. These transactions include bill payments, transfer of funds between accounts and inter-members, request withdrawals and statement letters and check balances.

Corporate Social Responsibility

The Board continued with its role of good corporate citizens by engaging in activities geared towards enhancing the social and economic wellbeing of members and the wider communities. The contribution to these activities was in excess of \$4.7M. Some of the entities that benefitted were:

- The St. Steven's United Church Basic School, where we repainted and retrofitted the bathrooms with new wash tubs.
- Police Law Enforcement Torch Run
- Police Federation Conference
- Grants to 74 GSAT Students valued at \$1M
- The Island Special Constabulary Force Retired Members Association
- Chaplaincy Services Domino Tournament
- Four Memorial Scholarships of \$200,000.00 each.
- Former ISCF members were given walkers and a wheelchair.

Conclusion

Mr. Allen informed the meeting that the Board being aware of the operating environment had implemented the necessary strategies to achieve reduction in operating expenses, greater income generation and improved productivity in order to provide a cushion for members against the impact of financial difficulties. It remained committed to developing creative, comprehensive and suitable products and

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services to meet members' needs while practicing the tenets of prudential financial administration.

Appreciation

The Chairman on behalf of the Board of Directors expressed gratitude to the following groups and organizations who gave tremendous support throughout 2018:

- The Credit Union League
- The Credit Union Fund Management Company
- The Department of Co-operatives and Friendly Societies
- CUNA Caribbean Insurance Jamaica Ltd.
- Central Strategic Services
- National Union of Co-operatives
- Jamaica Co-operative Insurance Agency

In addition, special appreciation went out to the Chief Executive Officer, his management team, staff and the Credit and Supervisory Committees for their support and assistance throughout the year. The big expression of appreciation however, was to the membership for their trust, their confidence and their support throughout the period. It was a pleasure for the Board to have served and it was looking forward to serving again.

Queries/Comments from the Board's Report

No queries or comments emanated from the Board's report.

Adoption

The Boards Report was adopted on a motion from Miss Jeanette Davis seconded by Miss Ann Marie Coy.

TREASURER'S REPORT

The Treasurer, Mr. George Hunter invited Mr. Dawkins Brown from the auditing firm Crowe

Horwath to read the Auditor's report. He then presented the highlights from his report.

Background

The Treasurer gave a brief background of the Jamaican economy mentioning the six consecutive years of growth in Gross Domestic Products (GDP); having increased by 1.9% in 2018. The decrease in the inflation rate closed the year at 2.4% compared to 5.2% in 2017. The inflation rate was below the projected range of 4-6%. The Treasurer mentioned also that the Jamaican Dollar depreciated to a low of \$136.90 to \$1US in August 2018 but rebounded somewhat to close the year at \$128.53 to \$1US compared to \$125.00 the previous year. Interest rates on investments trended down throughout the year and closed at 1.75% after opening the year at 3%.

Industry Comparison

The Treasurer reported that it was another successful year for the Public Sector Employees Co-operative Credit Union, having achieved growth in all the major areas of operations with the exception of Liquid Assets which declined by 13.79% and was as a result of financing the significant growth in the loans portfolio (20.52%). When the comparison was made, the Credit Union outperformed the main players in the industry in the areas of Loans, Deposits and Total Assets. Specifically, in the area of Loans, the industry was 19.06% compared to the Credit Union's 20.52%, Deposits in the industry was 8.66% while the Credit Union was 22.59% and Total Assets was 9.9% for the industry while the Credit Union was 18.38%. The growth recorded in 2018 was significantly higher than 2017 when the figures were 9.03% for loans, 26.7% for Liquid Assets, 32.75% for Equity growth, 13.86% for savings and 19.93% for Total Assets.

51ST ANNUAL MEETING MINUTES

Income and Expenditure

The Treasurer further highlighted that the Credit Union recorded improvement in most of its income generating portfolios in 2018 when compared to 2017, with the exception being in Investment Income. Total Income was \$64,381,021 or 19.63% more than in 2017. This was due largely to the increase in Loans Interest Income of \$54,928,515 or 17.95% and Miscellaneous Income of \$11,748,302 or 82.22%. Interest Income on the other hand declined by \$30.04% or \$2,295,796, which was occasioned by a continuous fall in the interest rates offered by our investment partners.

The Credit Union realized Net Income of \$24,495,530 in 2018, compared to \$9,531,377 in 2017, a change of \$14,969,153 or 157%. Operating Expenses saw increases of \$25.3M in 2018.

Mr. Hunter explained that the Credit Union managed to minimize the impact of the increase in inflation by implementing cost containment initiatives. These resulted in a reduction in administrative costs by \$4,298,257 or 8.95%. He added that the increase of \$4,576,985 or 117.24% in Marketing Expenses was required, as the Credit Union embarked on programmes to increase its visibility. The growth in loans and savings of 20.52% and 22.59% respectively were testament of the results from the increased marketing spend.

Delinquency

The Treasurer reiterated that the Financial Sector was being challenged by the newly introduced IFRS 9, a standard that required that provisioning be made for loans granted. The result of that new standard was a significant increase in Loan Loss provisioning of \$15,962,411 for 2018. With that apart, delinquency continued to be the greatest risk affecting the Credit Union. Delinquent loans at

the end of 2018 totalled \$40,819,330 compared to \$26,034,754 at the end of 2017. That was an increase of \$14,784,576 or 56.79%. He reiterated the commitment of the Credit Union to keep delinquency at a minimum and repeated the measures being employed to satisfy this commitment. He repeated for good measure that court action and the engagement of debt collectors were the strategies being employed by the Credit Union in this regard.

The Treasurer expressed gratitude to the Board of Directors who would have showed confidence in him when he was entrusted with the responsibility of Treasurer. Thanks went out also to the CEO and staff of the Credit Union as also the League and other affiliated entities for the tremendous support given throughout the year. His most sincere appreciation went out to the general membership of the Credit Union who first showed confidence in him when they elected him to serve on the Board of Directors.

Adoption

The Treasurer's report was adopted on a motion by Nicola Thomas-Burke seconded by Mr. Christopher Murdock.

CREDIT COMMITTEE

The report of the Credit Committee was presented by its Chairman Mr. Michael Farquharson. He gave a background to the Committee's selection and composition, of the five persons elected by the general membership. He reported that for the period under review the Committee held an average of 2 meetings per month and would have participated in quarterly Joint Meetings with the Board of Directors as part of their remit. A total of 26 meetings were held by the Committee for the year 2018. He reminded the meeting of the role of the Credit Committee that of examining and approving applications for loans above shares and to ratify those loans approved by the Credit

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Administration Manager. He was pleased to report that in that regard there was strict adherence to laid down rules, regulations and policies. Finally, he extended gratitude to all those who gave tremendous support to their efforts and contributed significantly to the Committee's success.

Adoption

A motion for the adoption of Credit Committee's report was moved by Mr. George Hunter seconded by Mrs. Tamara Maxwell-Green.

SUPERVISORY COMMITTEE

The Secretary of the Supervisory Committee Mr. Nigel Davis began his report reiterating the role of the Committee which was to maintain oversight of the safety and soundness of the Credit Union and operated independently of all groupings at the entity. The Committee was also tasked with the constant effort of ensuring that there was overall compliance with the applicable laws and regulations and that the Credit Union constantly sought to maximize benefits to members and the overall operations were in keeping with local and international best practices.

Mr. Davis further reported that along with the Internal Auditors, the Committee conducted audits and reviews in various areas of the Credit Union's operations and submitted monthly reports to the Board of Directors and Management. The areas reviewed and audited included; Dormant members accounts, deceased members accounts, disbursement process, delinquent/charged-off loans, allowances for loan losses, know your employees, Financial statements for year ending 2017, surprise cash counts, and the lodgment process. The Minutes of the Board of Directors' meetings were also reviewed by the Committee.

Having conducted these reviews and audits, the Committee found that generally, there was adherence to established policies and procedures. Compliance with the related laws and regulations governing the Credit Union's operations were adequate.

Where weaknesses were identified, recommendations were made which resulted in improvement in the control environment thus reducing the risk of loss to the organization. He added that the Committee also reviewed the results of and checked with management on any action items identified in reports.

Mr. Davis stated that the Committee was able to state with confidence that the Credit Union continued to maintain a high level of financial safety and soundness. The Chairman indicated that the Committee has pledged to remain vigilant representatives of the members' interests, ensuring continued safety and soundness for your money as the Credit Union strived to provide you with excellent member service.

The Committee Chairman reminded the meeting that as an independent body, the Committee investigated members' complaints not resolved by management. He added that members could report perceived rule or policy violations, unethical behavior and complaints not resolved by management directly to the Committee by dropping off confidential correspondences at any of the branches or by email.

He expressed gratitude to the general membership, the Board of Directors, Internal Auditors, management and staff for their courtesy, co-operation and support throughout the year.

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Adoption

The Supervisory Committee's report was adopted on a motion by Mrs. Yvonne-Wright Heywood, seconded by Dionne Griffiths.

Report of The Delegates to The JCCUL AGM 2017 And 2018

The Chairman drew the meeting's attention to the reports from the delegates of the League's AGM for 2017 and 2018. He pointed out that the delegates for 2017 were Mrs. Tamara Maxwell-Green and Mr. Andrew Johnson and for 2018 it was also Mrs. Tamara Maxwell-Green and Mr. Errol Adams. He suggested that the meeting read the report at their convenience.

Nomination Committee Report

The Nomination Committee's report was presented by its chairperson Miss Jeanette Davis. She reported that the Committee was appointed at a meeting of the Board of Directors held February 21, 2019, in accordance with Rule 64. The members of the Committee were Miss Jeanette Davis from the Board as the Chairperson, Mrs. Carlene Allen from the Credit Committee and Mrs. Tamara Maxwell-Green, Deputy CEO. The status of the various groups was as follows:

Board of Directors

Retiring from the Board of Directors in 2019 were: Mr. George Hunter – Treasurer, Mr. Christopher Murdock - Assistant Treasurer, Mr. Errol Adams - Secretary and Mr. Andrew Johnson - Director. The Committee reported that no other nominations for the Board of Directors were received. Consequently, Mr. George Hunter, Mr. Christopher Murdock, Mr. Errol Adams and Mr. Andrew Johnson shall be elected to serve for two years on the Board of Directors.

Credit Committee

Those retiring from the Credit Committee in 2019 were Mr. Steven Watson and Mr. Michael Farquharson. There being no other nominations, the Nomination Committee recommended that Mr. Steven Watson and Mr. Michael Farquharson be elected to serve for two years.

Supervisory Committee

Members of the Supervisory Committee serve for only one year. The retiring members were Nigel Davis, Omar Drysdale, Julian Oscar, Sancha Miller-McPherson and Juniffer Dixon-Gordon. No other nominations were received by the Committee, hence, all five would be elected to serve for one year.

In concluding her report, the Chairperson informed the meeting that a profile on all candidates was included in the monthly report for them to peruse as they see fit.

Adoption of Report

The adoption of the Nomination Committee's report was done on a motion by Kimone Parks seconded by Owen Grant and was carried by majority vote.

DISTRIBUTION OF SURPLUS

The Treasurer informed the meeting that the Board was recommending that the \$21,055,663.00 in surplus be distributed as follows:

- Dividend on Permanent Shares
- \$12,000,000.00
- Honoraria
- \$3,500,000.00
- ATM Defrauded Provision
- \$1,000,000.00
- Disability Assistance Provision
- \$248,830.00
- Disaster Relief Provision
- \$629,936.00

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- PEP Grant - \$1,000,000.00
- Permanent Share Transfer - \$1,000,000.00
- Memorial Scholarships - \$800,000.00
- Sponsorships and Donations - \$876,888.00

A lengthy discussion ensued where Mr. C. Hinds expressed concern at the level of increase in honoraria suggesting that 133% seemed a bit too high. Responses to justify the increase were given by the Treasurer, the CEO and Mr. Levy, the League's CEO. Mr. C. Hinds also raised concerns about the seeming decrease in the Disability Assistance allocation. The CEO pointed out that it was not a decrease, but the amount stated was the amount required to bring the total fund back to \$1M. A concern/suggestion was also raised by Miss Ann-Marie Coy to increase the number of memorial scholarships or to increase the amount allotted for each scholarship. The CEO assured her that her suggestion was noted, and the Board would respond to it at an appropriate time.

A motion was subsequently moved by Mr. Cecil Hinds seconded by Mrs. Yvonne Heywood-Wright for the acceptance of the distribution of the surplus as recommended by the Board.

The Treasurer further indicated that consistent with the practice over the years, 50% of the dividend would be paid in cash and 50% placed on Permanent Shares.

FIXING OF MAXIMUM LIABILITY

After explaining what was meant by Maximum Liability i.e. the authority to borrow if there was a need, the Treasurer reminded the meeting that Maximum Liability was set at sixteen times our capital and reserve and asked for a motion for it to remain. The motion was moved by Mr. Steven Watson seconded by Miss Kimone Parks.

APPOINTMENT OF AUDITORS

A motion was moved by Mr. Roy Earle seconded by Mr. Christopher Hurst for the Board to engage external auditors.

PRESENTATION OF AWARDS

The Chairman invited the Chief Executive Officer, Mr. Osmond Bromfield to contextualize the presentation of awards. The CEO indicated that in keeping with the spirit of the Credit Union, the intention was to promote a climate for motivation. He stated that awards normally went to persons who would have served for long periods and the period recognized by the Credit Union was ten years. He added that some of those to be recognized came to the Credit Union straight out of university and some out of high school and were now a part of the management and supervisory group. They would have earned their stay and would have gotten support from the Credit Union for extension to their qualification. A total of eight persons would be so recognized, five were from the management and supervisory grouping while three were members of the ancillary staff.

They were:

- Miss KellyAnn Dixon, Marketing and Communications Manager. She has been serving for 11 years and came to the Credit Union straight out of university in 2008. She would have furthered her studies and held a Master's Degree.

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- Miss Yanique Watson, Legal Officer and Attorney at Law. She joined the staff straight out of high school and would have acquired her LLB and LEC accreditations whilst at the Credit Union.
- Mr. Chezray Rodney - He too came to the Credit Union out of High School. He is now the Information Technology Manager and holds a Bachelor's Degree in the field. The CEO added that the investments made in Mr. Rodney were paying off.
- Mrs. Alicia Graham-Carter - She came to the Credit Union with some work experience and started out as an Accounting Clerk. After 11 years service she was now the Branch Officer for Mandeville.
- Mrs. Davia Thawe – She joined the staff in 2008 as a Junior Clerk and after 11 years she held the position of Loans Officer giving that crucial support to the Credit Manager.
- Miss Monica Foster - She is a member of the ancillary staff with 14 years' service having joined the staff in 2005. She was working at the Portmore Branch.
- Miss Donna Thompson from the Mandeville branch would have completed 11 years of service having joined the staff in 2008.
- Miss Michelle James also from the ancillary staff joined the team in 2009 and would have given 10 years of quality service.

PRIZES

The Chairman stated that there were some prizes to give away and would be drawn from the attendance register. Numbers would be picked from a bag and the corresponding names on the attendance register would be the winners. The following persons were winners:

- First Prize of \$8,000.00 - Paulette Smith-Mullings
- Second Prize of \$6,000.00 - Verona Seymour
- Third Prize of \$4,000.00 - Owen Grant.

Other winners were:

- Ricardo Martin - Weekend for two at Sea Gardens Resorts
- Owen Grant - Five Thousand Dollars (\$5,000.00)

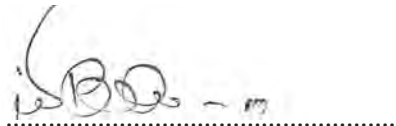
There were three winners of Five Thousand Dollars each courtesy of Sangster's Bookstore.

Gift baskets courtesy of CUNA were won by:

- Kimone Parks
- Christina Gordon
- Silvany Williams -Walters

VOTE OF THANKS/ADJOURNMENT

Mr. Andrew Johnson delivered the vote of thanks after which the Chairman having exhausted the agenda adjourned the meeting at 1:40pm.



Errol G. Adams
Secretary

REPORT OF THE BOARD OF DIRECTORS 2019



It is with profound pleasure that I report on behalf of the Board of Directors of the Public Sector Employees Co-operative Credit Union Limited (PSECCU). The PSECCU recorded another successful year of operations, with growth of 6.6% in total asset. This success was through careful fiscal steering and hands-on actions to the dynamic economic environment, at the same time still satisfying our members' financial need.

We continued our mission of empowering the economics of our members by operating efficiently and providing high quality, applicable financial services and prudent counsel, whilst acting with values of integrity, financial prudence, transparency and in conformity with statutory regulations.

Our National Economy

Jamaica's economy continued to grow, notwithstanding at a slower pace of 0.9% for 2019. Growth was mainly due to higher external demand in the tourism sector. This was supported by increased domestic demand from higher levels of employment and improved macroeconomic stability underpinned by strong fiscal discipline.

The year 2019 saw the successful end of Jamaica's Economic Reform Programme with the International Monetary Fund (IMF). The country reached a 50%-point drop in debt-to-GDP, to 94% currently since the start of the Extended Fund Facility in 2013. This is forecasted to reach the target of 60% of GDP by the 2025/26 fiscal year.

The unemployment rate fell to record low of 7.19%. Jamaica's credit rating was upgraded by Standard & Poor's (S&P) to B+ from B with a stable outlook in September. Moody's followed suit in December by upgrading its credit rating of Jamaica to B2 from B3. Both external credit rating agencies cited the government's strong fiscal discipline and improved macroeconomic stability as key factors influencing the upgrades.

Credit Union Movement Performance

Although the Credit Union Movement increased its savings, loans, and assets portfolios during the year 2019, the percentage growth in both savings and assets decrease below the growth rates seen in 2018. The Movement also experienced a decline in total membership during 2019, suggesting a need for retention strategies.

The Movement ended the year with 25 credit unions, compared to 26 at the end of 2018; the decline in the Movement resulted from the decision of one Credit Union to transition to a Thrift Society.

REPORT OF THE BOARD OF DIRECTORS 2019

CREDIT UNION GROWTH

Total savings grew by 7.91% from \$89.3 billion in 2018 to \$96.3 billion at the end of 2019. The value of loans increased from \$78.8 billion to \$88.7 billion, a 12.5% increase over 2018. Total assets increased by 8.6% to \$123.9 billion, up from \$114.2 billion. Credit unions' membership declined in 2019, decreasing to 1,006,557 from the 1,021,267 recorded for the period December 31, 2018.

Growth in loans in 2019 was achieved by all 25 credit unions. Sixteen (16) of the twenty-five (25) received double digit loans growth and four (4) achieved growth above 16.5%, the average growth in personal loans witnessed by commercial banks, building societies and the merchant bank. All 25 credit unions witnessed increases in total assets for 2019 relative to 2018, however, only 15 of the 25 achieved assets growth above the recorded calendar year inflation of 6.2%.

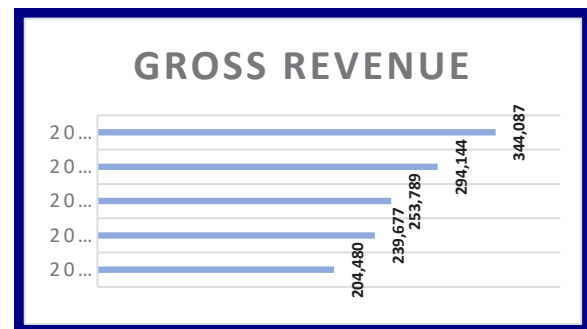
The Public Sector Employees Co-operative Credit Union Limited 2020 Performance

The Public Sector Employees Co-operative Credit Union Limited (PSECCU) achieved another successful year of operations, resulting in gross revenue of \$344 million. An increase of 16.98% for 2019 when compared to 2018. Expenses were contained at 14.38% or \$308.4 million resulting in net income of \$35.6 million or 45.6% for 2019.

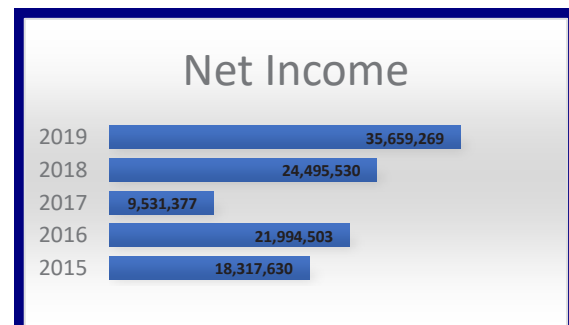
2019 Performance Highlight

- Gross revenue grew by 16.98% or \$49.9 million
- Comprehensive income grew by 126.5% or \$26.4 million
- Total Asset grew by \$165.8 million or 6.65%
- Loans to member grew by \$217.1 million or 11.05%
- Savings grew by \$188 million or 11.71%
- Deferred shares grew by 1.2 million or 91%

Graph 1 – Profitability

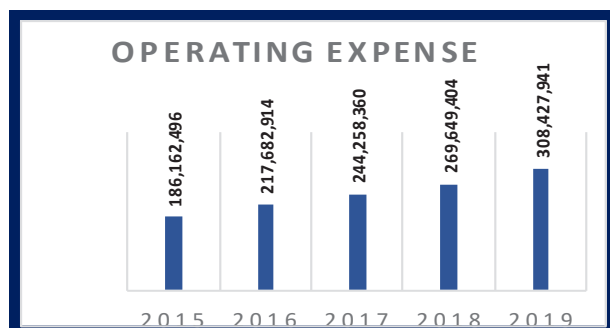


Graph 2 – Net Income



REPORT OF THE BOARD OF DIRECTORS 2019

Graph 3 – Operating Expense



CAPITAL BASE

We continue to work in readiness for the draft Credit Union Act and Regulations. Capital Adequacy is the main requirement for licensing under the draft Credit Union Act and Regulation and our Institutional Capital stands at 12.16% which is above the minimum requirement set by Jamaica Co-operative Credit Union league (JCCUL) PEARLS standard and Bank of Jamaica (BOJ) primary ratio of 8% and 6% respectively.

FINANCIAL PERFORMANCE IN KEY OPERATING AREAS

The savings fund at the end of 2019 stood at \$1.8 billion, up from \$1.6 billion reported at December 2018, representing a year over year increase of \$188 million or 11.71%. Deposit growth was driven by several marketing initiatives which focused on the need of our members through their life stages and providing them with the tools required to grow and for wealth management; this includes saving programmes offering high premium rate of return.

The loan portfolio at the end of 2019 stood at \$2.1 billion, up from \$1.9 billion reported at December 2018, representing a year over year increase of \$217 million or 11.05%. Loans disbursed totalled \$1.6 billion. This solid performance is underpinned by the Society's promise to providing our members with excellent service at all touchpoints and our commitment to ongoing process improvements aimed at shortening the end to end processing time while delivering exceptional Member experience.

REPORT OF THE BOARD OF DIRECTORS 2019

Table 1—Five years Key Operating Statistics

Key Operating Indicators	2019	2018	2017	2016	2015
Membership	10311	9456	8620	8079	7467
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Total Assets	2,659,652	2,493,835	2,106,659	1,899,020	1,635,534
Net Loans to members	2,181,796	1,964,687	1,630,140	1,495,139	1,260,891
Savings	1,793,129	1,605,122	1,309,367	1,150,010	1,000,444
Institutional Capital	323,394	289,267	266,996	243,867	220,062
IFRS 9 ECL	45,479	32,273	16,465	15,101	12,736

Non-Performing Loan

The loan quality ratio (a measure of non-performing loans expressed as a percentage of total loan portfolio) was 2.92% at the end of 2019. We attribute the quality of the loan portfolio to prudent credit risk management processes. We also remain committed to assisting our members who face challenges from time to time. We are ardent about keeping this portfolio below Credit Union Movement PEARLS standard of 5%.

IFRS 9 Provision

In January 2018, the Credit Union adopted International Financial Reporting Standard 9 (IFRS9) requiring the recognition of expected credit losses ("ECL") for certain financial assets.

The IFRS9 standard has significantly impacted how the Credit Union makes provisions for its delinquent loans. The Loan Loss Allowance increased by 40.92% or \$13.2 million to \$45.5 million at the end of 2019 from \$32.3 million at the end of 2018. The increase in the Loan Loss Allowance was mainly due to adjustments in how the provisioning for delinquent loans were calculated.

The delinquent loans increased by 59.48% over the period moving from \$40.819 million at the end of 2018 to \$65.096 million at the end of 2019, a difference of \$24.277 million. We continue to employ several efforts to manage the delinquency to include telephone calls, written reminders/warning on a monthly basis, employment of debt collectors and pursuing legal action. We also assess members credit history through the services of two Credit Bureaus.

REPORT OF THE BOARD OF DIRECTORS 2019

RISK AND COMPLIANCE

PSECCU have established an Enterprise Risk Management Framework which incorporates the Board, Management and Staff in an effort to identify, measure and reduce risk. One of the key risks faced by the Credit Union is money laundering. The Credit Union has implemented policies, procedures and programmes to prevent and detect money laundering and the finance of terrorist activities, in compliance with the Jamaica Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Laws. The appointed Nominated, Legal, Risk and Compliance Manager had the dual role of managing legal matters as well as enterprise risk management. The core function of Enterprise Risk Management in the Credit Union is to ensure significant risks undertaken to increase profitability are adequately identified and managed. At the core of this is the identification of the Credit Union's key risks through the use of the Risk Registers.

The Credit Union continues to maintain a high level of compliance with all laws and regulations relating to its operations. Throughout the year 2019, the Credit Union ensured its legal obligation with regards to Money Laundering and Terrorist Financing were met by completing the following activities:

- Threshold and suspicious transaction reporting to the Designated Authority
- Customer due diligence was conducted (updating customer information)
- Employees Integrity documents were signed
- Evaluation of the Credit Union's compliance with the laws and regulations was conducted
- AML/CFT training and re-training were undertaken for staff, management, and volunteers.

We are aware that the Bank of Jamaica will be considering the Credit Union's Risk Management Framework for licensing and we are committed to providing Management with the tools and resources required to implement a robust Risk Management Framework with emphasis on Money Laundering and Terrorist Financing.

Staff Development

The Board of Directors continues to devote in the development and training of Directors, Committee Members, Management and Staff to add significant value to the Credit Union and personal development to its volunteers, management, and staff. Because Human Resource enables and support the execution of strategies through building of organizational capability, we ensured that our Volunteers/Committee Members, Management and Staff were being trained to the highest level of proficiency relevant to their job function to be able to give quality service and professional advice to you our membership.

Several internal training sessions were conducted covering areas such as Customer Service/Sales and Cross Selling, Customer Charter and Complaints Procedure, Proceeds of Crime Act (POCA), Management Policy and Products and Services Overview. Board of Directors, Management, Staff and Committee members also participated in training programmes conducted by the Jamaica Co-operative Credit Union League.

REPORT OF THE BOARD OF DIRECTORS 2019

These included: Financial Instrument (IFRS9), Credit Administration, Classification and Provisioning & Non-Accrual Requirement Workshop, Insolvency Act Awareness Session, Business Continuity Planning and Sensitization Workshop, Audit Technique for Supervisory and Internal Auditor, Orientation for New Credit Union Staff, Delinquency Management, and meeting Protocols for Credit Union Presidents and Secretaries.

Staff Complement

At the end of 2019, the Credit Union had a total staff complement of Fifty-two (52) employees operating from the head office and four other branches. Throughout the year four (4) new staff members were employed and one (1) employee resigned.

MARKETING

Products & Services

The Board of Directors remains devoted in offering the correct mixture of products and services to the satisfaction of all our members and as such we continue to provide a wide range of products and services.

AccessPlus™ Debit MasterCard Upgrade

PSECCU in conjunction with the Jamaica Co-operative Credit Union League (JCCUL) is currently upgrading the Debit Card Switch and will be offering a new AccessPlus™ Debit MasterCard with other enhanced services. The upgrade will significantly improve the features and offerings of the Credit Union's debit card such as EMV "chip and pin" technology which will provide greater security features for all transaction types. The new debit card will allow for international point of sale and ATM transactions. **Member (s) will also be able to purchase goods and services online in local and foreign currency.**

The additional services that will accompany the new AccessPlus™ Debit MasterCard include enhanced internet banking services, bill payment through PayMaster. Credit unions will also have the opportunity to provide interconnectivity services, which will allow members to conduct transaction at any one of the Credit Union branches island wide. The JCCUL is in the process of getting regulatory approval. Once completed, the current debit cards will be recalled and replaced free of charge.

Savings & Investments - As we encourage our Members to build and maintain healthy financial practices, we continue to offer several savings and investment options such as our Deferred Shares Offering, Special Deposit Account, Regular Deposit Account, Christmas Club Saver Account and The Youth Savers Account.

REPORT OF THE BOARD OF DIRECTORS 2019

We continue to offer supplementary services such as the Bill Express facility and Family Indemnity Plan Insurance (FIP), Critical Illness Insurance and Group Life Insurance. Our products feature secured and unsecured loans for all purposes and saving accounts that attract the most competitive rate of returns in the market. We have reduced interest rates on Home Acquisition Loan, Home Equity Loan and new Motor Car purchase loans to 7.99%, 8.99% and 7.99% respectively. We've also partnered with NHT to be able to offer up to \$1.5M to members earning less than \$42,000.00 per week to assist with home acquisition deposit, repairs, purchase solar panels etc.

Advertisements and Promotions

We engaged in several activities throughout the year to promote our products and services, to target new members and to increase brand presence using traditional and digital media channels.

The marketing team participated in seminars, expositions, health fairs and mobile visits to offices to drive its membership growth. Several ministries and government agencies were targeted island wide, such as Ministry of Industry and Commerce, Ministry of Health (MOH), Ministry of Education (MOE), Ministry of Labour and Social Security, Firearm Licensing Authority (FLA), Passport Immigration and Citizenship Agency (PICA), National Housing Trust (NHT), Tax Administration of Jamaica (TAJ), Electoral Office of Jamaica (EOJ) to name a few.

The Credit Union's products and services were advertised using both traditional and digital media channels. Radio advertising campaigns were done monthly on stations such as IRIE FM, Power 106, Zip 103FM, and NCU FM.

Digital Campaigns were also done monthly on the Google platform via AdWords, and Online display ads. Emphasis was placed on advertising the Special Deposit account, which as of December 2019 recorded tremendous growth of over 35%.

The department engaged in several social media promotions as follows.

- Valentine's Day promotion
- Mother's Day promotion
- Father's Day promotion
- Back to School promotion

Marketing Reach by channels and Membership growth

The Credit Union's marketing reach increased by over 1000% to 33.8 million people across several channels such as social media (Instagram, Facebook, twitter), radio, television, print, SMS messaging and email. The Credit Union's membership increased by over eight hundred and fifty-five (855) new members and 85.5% of its membership target was met.

Members' Relationship Management

We know that developing and maintaining lasting member relationships is crucial for our operations and our success and as such, members were kept abreast of new and updated products via brochures, quarterly newsletters, SMS, and email messages. Members were also able to submit queries via Live Chat on our website and on our social media pages for real time responses. Welcome letters were also sent to every new member.

REPORT OF THE BOARD OF DIRECTORS 2019

Credit Union Week Activities

Credit Union week was celebrated from October 14-19 under the theme “**Local Service, Global Reach**”. Member Appreciation day activities were held at each branch with an afterwork jam and karaoke at head office.

Social Contribution

Throughout the year, focus was placed on the well-being of our members through scholarship bursaries, donations, and sponsorships as follows:

- 63 PEP grants valued at One Million Dollars (\$1M)

- 4 Scholarship bursaries valued at Eight Hundred Thousand Dollars \$800,000
- Law Enforcement Torch Run
- Jamaica Police Federation Conference
- Island Special Constabulary Force (ISCF) retirees’ annual luncheon
- Donation of wall mounted fans to Bellevue Hospital
- Donation of wall mounted fans to Hope Institute Hospital
- Contribution of cricket gears to the Jamaica Constabulary Force (JCF) National cricket team
- Donation of grocery items and toiletries to Mr. Gladstone Cerease former ISCF member
- Donation to members displaced by fire/ other natural causes

Conclusion

We remain cognizant of the dynamic operating environment and have employed the necessary strategies to achieve budgeted expense, greater income generation and improved productivity to provide a support and complement to our members against the impact of the economic challenges. We are committed to continuing the development of creative, comprehensive and suitable products and services to meet your every need, while practicing all principles of Prudential Financial administration.

Board of Directors Attendance Report

Attendance at the Directors’ Meeting for the period January to December 2019 shown below:

DIRECTORS	ATTENDANCE (# OF MEETINGS 14)
Jeanette Davis	13
Calvin Allen	13
Errol Adams	14
Christopher Murdock	14
Dacy-Ann Graham	13
Andrew Johnson	13
George Hunter	13
Courtney Faulknor	11
Eric Wint	14

REPORT OF THE BOARD OF DIRECTORS 2019

APPRECIATION

On behalf of the Board of Directors, I wish to thank the many individuals and organizations who partnered with us throughout the year 2019. Namely the Department of Co-operatives & Friendly Societies, Jamaica Co-op Credit Union League, Credit Union Fund Management Company, Centralized Strategic Services, CUNA Caribbean Insurance Jamaica Ltd, and National Union of Co-operatives.

We could not have done it on our own and so special appreciation to our Chief Executive Officer, Mr. Osmond Bromfield and his capable management team and staff for their prudent performance throughout the year. We thank the Credit and Supervisory Committees for their assistance throughout the year and most of all, to you the general membership for your support over the period. It has been our honour to serve you throughout 2019 and we look forward to serving you again.



Jeanette Davis (Ms.)
PRESIDENT

TREASURER'S REPORT 2019

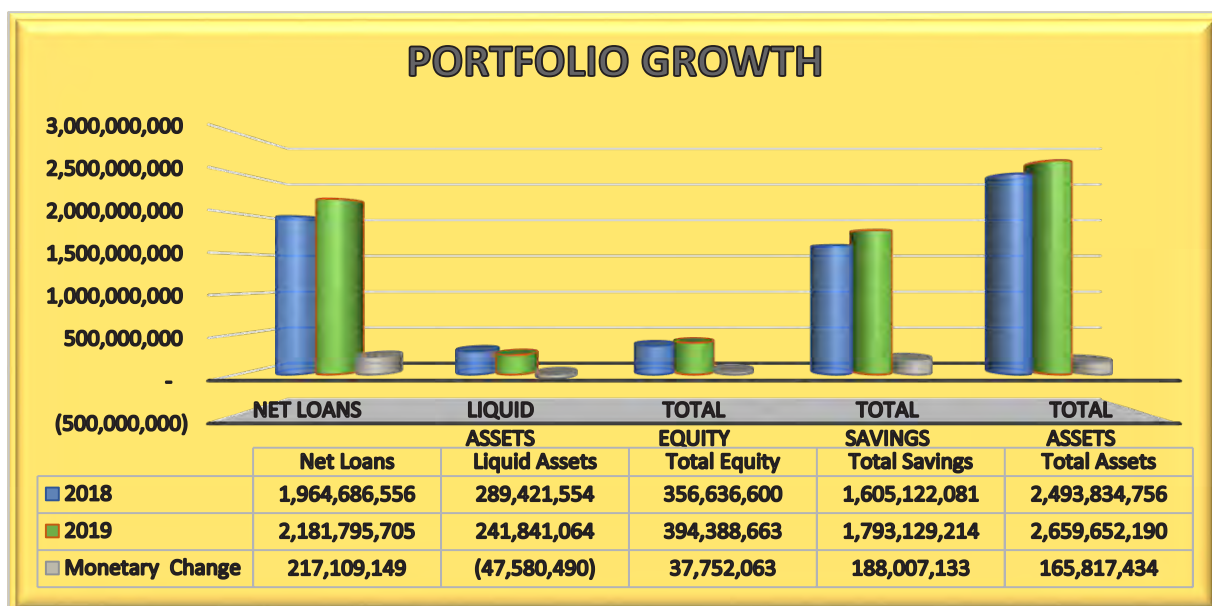


Jamaica's Economy continued its expansion recording its seventh consecutive year of growth. The gross domestic product (GDP) increased by 0.9% for the year compared to 1.1% for the previous and was below the expected growth of 1.5% to 2.9%. The inflation rate increased to 6.2% for the year compared to 2.40% for 2018. The realized inflation rate was above the projected range of 4% to 6%. The Jamaican Dollar depreciated by 3.80% compared to 2.18% for 2018. The dollar continued to fluctuate against its US counterpart and reached as high as \$142.23 during November 2019, it closed the year at \$132.57 compared to \$127.72 for December 2018. Interest rates on investments

continue to trend down and closed the year at 0.5% after it had opened the year at 1.75% and rates are expected to remain low considering the recovery efforts expected after the COVID-19 pandemic. The Financial Sector continued its strong growth path with total assets increasing by 10.49%, loans grew by 16.28%, capital increased by 11.03% and savings by 9.34%

PSECCU is reporting another successful year as it continues to grow in all major financial areas. We continue to experience a strong demand for loans with net loans growth of 11.05%, a change of \$217 million moving from \$1.964 billion at the end of 2018 to \$2.181 billion at the end of 2019. As a result of the strong loan demand, liquid assets declined by 16.44% moving from \$289 million at the end of 2018 to \$241 million at the end of 2019 a change of \$47 million. We also experienced strong growth in savings of 11.71% or \$188 million and equity of 10.59% or \$37 million. Our total asset increased from \$2.493 billion at the close of 2018 to \$2.659 billion at the close of 2019, a difference of \$165 million or 6.65%

Figure 1 – Portfolio Growth



TREASURER'S REPORT 2019

Income

The Credit Union had an exceptional year in income growth as shown in table 2 below. Total income grew by \$57.5 million or 14.67%, increasing from \$392.3 million in 2018 to \$449.9 million in 2019. Interest on loans grew by 10.87% or \$39 million to \$400 million at the end of 2019 from \$361 million at the end of 2018. We benefitted from the high returns generated by the stock market and realized a gain on investments of \$12 million for 2019 compared to \$5.3 million for 2018, a change of \$6.7 million or 125.88%. Miscellaneous income showed strong growth, and an increase from \$26 million at the end of 2018 to \$37.5 million at the end of 2019, a difference of \$11.5 million or 44.67%.

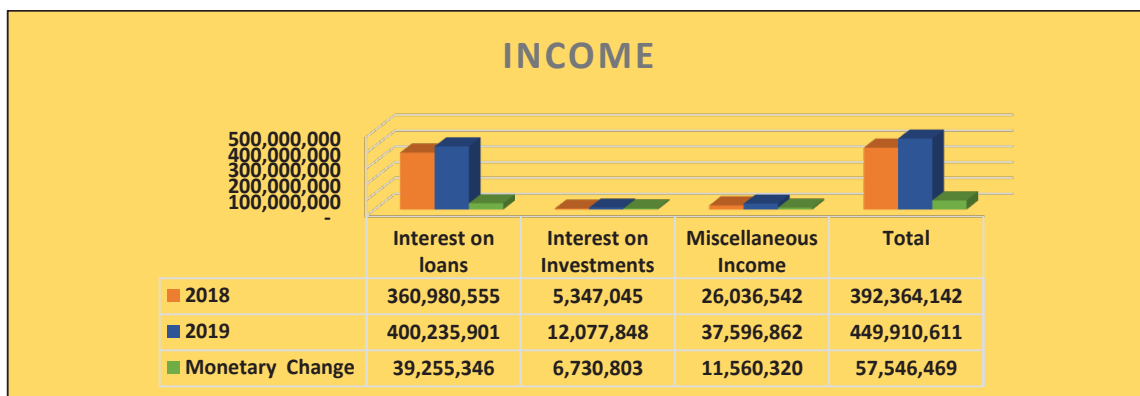
Table 1 – Portfolio Growth

	2019	2018	Monetary Change	Change %
Loans	2,181,795,705	1,964,686,556	217,109,149	11.05%
Liquid Assets	241,841,064	289,421,554	(47,580,490)	(16.44)%
Total Equity	394,388,663	356,636,600	37,752,063	10.59%
Total Savings/Deposits	1,793,129,214	1,605,122,081	188,007,133	11.71%
Total Assets	2,659,652,190	2,493,834,756	165,817,434	6.65%

Table 2 – Income

	2019	2018	Monetary Change	Change %
Interest on loans	400,235,901	360,980,555	39,255,346	10.87%
Interest on Investments	12,077,848	5,347,045	6,730,803	125.88%
Miscellaneous Income	37,596,862	26,036,542	11,560,320	44.40%
Total	449,910,611	392,364,142	57,546,469	14.67%

Figure 2



Cost of Funds

As a financial institution, the Credit Union pays for the resources it uses to fund its operations. The Cost of Funds for the year 2019 increased by 14.89% or \$12 million, moving from \$80.4 million at the end of 2018 to 92.4 million at the end of 2019. For the first time in many years we

TREASURER'S REPORT 2019

paid more to Saving Deposits compared to External Credits. The change was due largely to our savings campaign which was executed throughout the year and will continue for the foreseeable future. At the end of 2019 the Credit Union paid in excess of \$47 million to depositors compared to \$36 million for 2018, an increase of 31.45% or \$11.33 million. It is expected that the gap between External Credit expense and Saving Deposit expense will continue to widen as we seek to reduce and eventually eliminate the use of External Credit.

The amount paid to Deferred Shares increased by 91% or \$1.1 million, moving from \$1.3 million at the end of 2018 to \$2.4 million at the end of 2019. This increase shows how members are consistently benefiting from stable interest payments. We continue to encourage all our members to save with us as our interest payments on deposits and shares are some of the most attractive in the market. External Credits declined marginally by 1.27% or \$529,253 to \$41.2 million at the end of 2019 from \$41.7 million at the end of 2018, while bank charges increased marginally by 1.07% or \$14,926 from \$1.392 million to \$1.407 million.

Table 3 – Cost of Funds

	2019	2018	Monetary Change	Change %
Savings Deposits	47,370,231	36,037,023	11,333,208	31.45%
External Credit	41,195,685	41,724,938	(529,253)	-1.27%
Deferred Shares	2,430,958	1,272,721	1,158,237	91.00%
Bank Charge	1,407,235	1,392,309	14,926	1.07%
Total	92,404,109	80,426,991	11,977,118	14.89%

The increased revenues realized over the year resulted in increased gross income of \$344 million, an increase of 16.98% or \$49.9 million when compared to 2018. Operating Expenses increased by 14.38% or \$38.7 million, moving from \$269.6 million at the end of 2018 to \$308 million at the end of 2019. The Credit Union continues the never-ending effort of cost containment. However, the addition of the Portmore Branch and the resultant increased staffing along with the relocated Montego Bay Branch to a more strategic location, had resulted in increased costs. The growth in Gross Income of 16.98% was more than the growth in expenses of 14.38% which contributed positively to the increase in Net Profit of \$11.163 million or 45.57%. The increase in profits from \$24.495 million to \$35.659 illustrates the positive year the Credit Union had as it was able to continue on its growth path, increase revenues, contain expenses and generate increased profits.

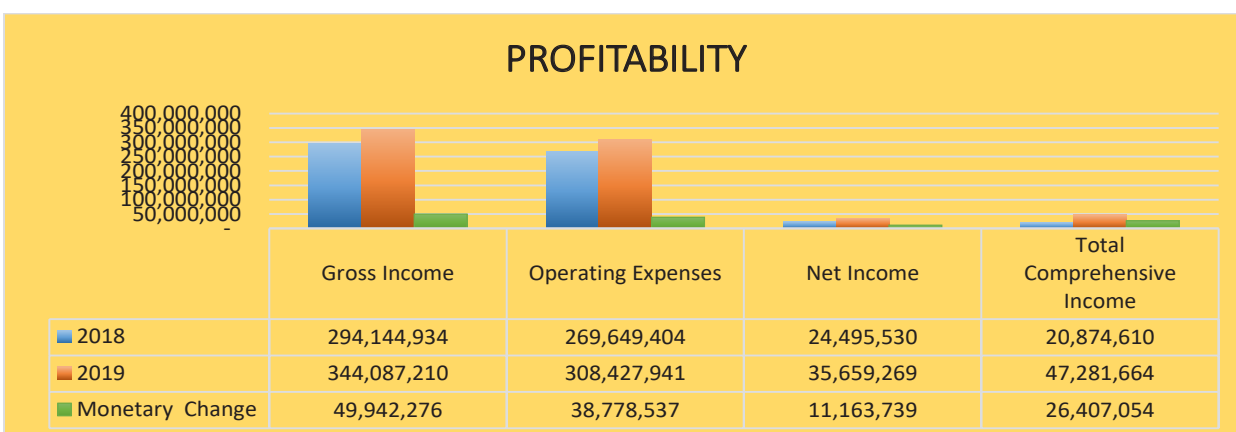
The excellent performance for the year is further illustrated by the 126.50% increase in Total Comprehensive Income. At the end of 2018 total Comprehensive Income was recorded at \$26.407 million, it increased by more than \$20.874 million during 2019 and closed the year at \$47.281 million as displayed in table 4 below.

TREASURER'S REPORT 2019

Table 4 – Profitability

	2019	2018	Monetary Change	Change %
Gross Income	344,087,210	294,144,934	49,942,276	16.98%
Operating Expenses	308,427,941	269,649,404	38,778,537	14.38%
Net Income	35,659,269	24,495,530	11,163,739	45.57%
Total Comp. Income	47,281,664	20,874,610	26,407,054	126.50%

Figure 3



Expenditure

The Credit Union experienced higher expenses during 2019, as shown in table 5 below. Expenditure increased by \$38.778 million or 14.38% compared to \$25.391 or 10.40% during 2018. The higher rate of increase was due in part to the addition of the Portmore Branch and the relocation of the Montego Bay Branch. Personnel Cost increased by 15.38% or \$25.8 million, resulting from the new staff employed to man the Portmore and Montego Bay branches spending their first full year with the Credit Union. The increased members' activity resulted in increased members' insurance premiums by 12.42% or \$2.4 million. Despite increased radio and television presence, marketing cost declined by 15.89% or \$1.3 million. The addition of the Portmore Branch and the upgraded Montego Bay branch impacted administrative costs and contributed to the increase of 27.06% or \$11.8 million. Our affiliation costs which is constituted of fees and contribution to our League increased marginally by 0.13%.

TREASURER'S REPORT 2019

Table 5 – Expenditure

	2019	2018	Monetary Change	Change %
Personnel Cost	193,743,317	167,923,421	25,819,896	15.38%
Members' Insurance	22,022,824	19,590,090	2,432,734	12.42%
Marketing & Promotions	7,133,304	8,481,075	(1,347,771)	-15.89%
Administrative Expenditure	55,574,363	43,738,175	11,836,188	27.06%
Affiliation Expenditure	29,954,133	29,916,643	37,490	0.13%
Total	308,427,941	269,649,404	38,778,537	14.38%

Delinquency

The IFRS9 standard has significantly impacted how the Credit Union makes provisions for its delinquent loans. The Loan Loss Allowance increased by 40.92% or \$13.204 million to \$45.478 million at the end of 2019 from \$32.273 million at the end of 2018. The increase in the Loan Loss Allowance was due to adjustments in how the provisioning for delinquent loans were calculated. The delinquent loans increased by 59.48% over the period moving from \$40.819 million at the end of 2018 to \$65.096 million at the end of 2019, a difference of \$24.277 million.

We continue to make all efforts to minimize delinquency by taking action against delinquent members. Some of our efforts include calling and writing delinquent members on a monthly basis, maintaining a close working relationship with our debt collectors and taking legal action when required. However, we are still faced with continued resignation of members of the Jamaica Constabulary Force due mainly to migration which makes collecting on the delinquent loan more difficult.

Table 6 – Delinquency

	2019	2018	Monetary Change	Change %
Total Delinquent Loans	65,096,895	40,819,330	24,277,565	59.48%
Loan Loss Allowance – (IFRS9)	45,478,699	32,273,735	13,204,964	40.92%
Loan Loss Provisioning - (JCCUL)	39,819,612	24,226,297	15,593,315	64.37%

Acknowledgement

I would like to express my gratitude to the members who elected me to serve on the Board and to the Directors who have entrusted me with the responsibility of Treasurer. Your enthusiasm, commitment and support were inspiring.

I am thankful to the management and staff for their dedication, loyalty and continued good work which has contributed to another successful year for the Credit Union. I am also thankful to the Department of Co-operatives and Friendly Societies, Crowe Horwath, Chartered Accountants and the Jamaica Co-operative Credit Union League for their support throughout the year.

TREASURER'S REPORT 2019

To all members of the Public Sector Employees Co-operative Credit Union, immeasurable appreciation and sincerest gratitude is extended to you for support as we look forward to another successful year despite the advent of the Novel Coronavirus 2019.



CHRISTOPHER MURDOCK
TREASURER

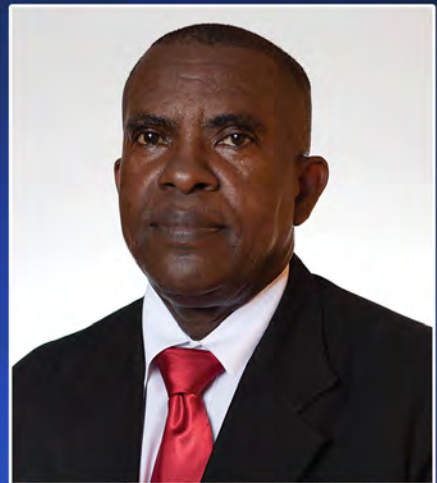
BOARD OF DIRECTORS



Jeanette Davis
President



Calvin Allen
Vice-President



Christopher Murdock
Treasurer



Errol Adams
Secretary



Andrew Johnson
Assistant Treasurer



Dacy-Ann Graham
Assistant Secretary



George Hunter
Director



Eric Wint
Director



Courtney Faulknor
Director

MEET OUR TEAM



Osmond Bromfield
Chief Executive
Officer



Tamara Maxwell-Green
Deputy Chief Executive
Officer
(Finance & Admin)



Charles Tam
Deputy Chief Executive
Officer
(Credit & Compliance)



Lisa Harry
Adminstration and
Support Manager



KellyAnn Dixon
Marketing and
Communications
Manager



**Tracey-Ann
Francis-Phillips**
Credit Administration
Manager



Chezray Rodney
Information and
Technology Manager



Kimone Cameron
Acting Accounts
Manager



Racquel Walters
Branch Supervisor
Portmore



Sheldon Francis
Branch Supervisor
St. James



Alicia Graham-Carter
Branch Supervisor
Mandeville



Patricia Dawson
Branch Supervisor
St. Mary

MEET OUR TEAM



Pete Morse
Accounts Officer
Head Office



Davia Thawe
Loans Officer
Head Office



Sharon Smith-Linton
Delinquency Officer
Head Office



Alaine Williams
Acting Senior
Accounts Officer
Head Office



Crystal Scarlett
Senior Loans Clerk
Head Office



Patricia McLawrence
Senior Loans Clerk
Portmore



Rachelle Wellington
Senior Loans Clerk
Mandeville



Kadene Saunders
Acting Senior Accounts
Clerk - Head Office



Tamara Barrett
Executive Assistant
Head Office



David Clarke
Information Technology
Assistant - Head Office



Denecia Facey
Marketing Assistant
Head Office



Jodi-Ann Smith
Customer Service Rep
Head Office

MEET OUR TEAM



Tamara Taylor-Fuller
Records Clerk
Head Office



Jodi-Ann McBean
Loans Clerk
Head Office



Shanika Murdock
Loans Clerk
Head Office



Deandra Williams-Bygrave
Loans Clerk (Head Office)



Justin Sang
Loans Clerk
Head Office



Kimberley McDonald
Loans Clerk
Portmore



Neloresa Palmer
Loans Clerk
Montego Bay



Saneisha Thompson
Loans Clerk
Montego Bay



Jannel Thompson
Loans Clerk
Montego Bay



Nicole Coley
Loans Clerk
Mandeville



Shavelle Edwards
Loans Clerk
St. Mary



Ava-Loi Walsh
Loans Clerk
St. Mary

MEET OUR TEAM



Kimoi Page
Accounts Clerk
Portmore



Gavin Mighty
Accounts Clerk
Head Office



Kerry-Ann Smith
Accounts Receivables
Clerk - Head Office



Theo Richards
Accounts Receivables
Clerk - Portmore



Mishka Walker
Accounts Payables
Clerk - Head Office



Cebert Taylor
Company Driver
and Security



Devon McKoy
Security Personnel



Donovan Buchanan
Groundsman



Tanya Dawkins
Office Attendant
Montego Bay



Monica Foster
Office Attendant
Portmore



Michelle James
Office Attendant
St. Mary



Donna Thompson
Office Attendant
Mandeville

2019 AGM HIGHLIGHTS



2019 SOCIAL OUTREACH ACTIVITIES



PRODUCTS AND SERVICES

INVESTMENTS

GOLDEN HARVEST
SPECIAL DEPOSIT
FIXED DEPOSIT

SAVINGS

CHRISTMAS CLUB
REGULAR SAVINGS AND DEPOSIT
TREASURE CHEST "LUCKY SAVERS" CLUB
PARTNER PLAN

SERVICES

BILL PAYMENT OUTLET
ONLINE ATM SERVICES

SECURED LOANS

SHARE RATIO
HOME/LAND ACQUISITION
HOME IMPROVEMENT
MOTOR VEHICLE
PERSONAL LOAN
NHT HOUSING LOAN

UNSECURED LOANS

EASI ACCESS LOAN
QUICK N' EEZEE LOAN
PAY DAY LOAN
SUPREME LOAN
CHARACTER LOAN
EDUCATION LOAN
EMERGENCY LOAN
INSURANCE PREMIUM FINANCING
SUPER CONSOLIDATION LOAN
DEMAND LOAN
NHT HOUSING LOAN

INSURANCE

LOAN PROTECTION COVERAGE
LIFE SAVINGS COVERAGE
FAMILY INDEMNITY PLAN (FIP)
FIP CRITICAL ILLNESS RIDER

8%

**EARN AN
UNBEATABLE INTEREST RATE
WHEN YOU INVEST IN OUR
SPECIAL DEPOSIT ACCOUNT**

WHO CAN BECOME A MEMBER

- a) All employees of the Government of Jamaica
- b) Past employees of the public sector who were members of the Credit Union when they resigned
- c) Employees of the Public Sector Employees Co-operative Credit Union Limited
- d) Members of other credit unions who serve public sector employees
- e) Spouses and/or children of the "active" members mentioned above

CALL OR VISIT ONE OF OUR BRANCHES TODAY

HEAD OFFICE
ST. JAMES
ST. MARY
MANCHESTER
ST. CATHERINE

7-9 Union Square, Cross Roads Kingston 5
Shop 10 Icon Mall, 12 Crane Boulevard, Fairview, Montego Bay
Shop 10 F Pompano Shopping Complex, Tower Isle St. Mary
9 Ward Avenue, Mandeville
Lot 1, Shop #6 Caribbean Estate Shopping Plaza

Tel: 876-929-8017 or 876-929-1845
Tel: 876: 971-2306 or 876-979-3046
Tel: 876-975-5649 or 876-975-5754
Tel: 876-625-4240 or 876-625-8583
Tel: 876-632-6424 or 876-833-9079



@PSECCUJA

Email: info@pseccreditunionja.com
Website: www.pseccreditunionja.com



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Commerce, Agriculture and Fisheries
2 Musgrave Avenue, Kingston 10
Jamaica, W.I.
Tel: (876) 927-4912 | 927-6572 | 978-1946
E-mail: dcfs@cwjamaica.com Website: www.dcfs.gov.jm

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE REGISTRAR AND THE FOLLOWING REFERENCE QUOTED:

S1
R335/-690/05/20

May 12, 2020

The Secretary
Public Sector Employees Co-operative
Credit Union Limited
7-9 Union Square
Cross Road
KINGSTON 5

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2019.

The Annual General Meeting must be held after June 1, 2020 and convened under **Regulation 19 and 21** of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35(b)** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise me of the date of the Annual General Meeting, so that arrangements may be made for the Department to be represented.

Yours truly,

Lavern Gibson-Eccleston (Mrs.)
(For) REGISTRAR OF CO-OPERATIVE SOCIETIES
AND FRIENDLY SOCIETIES

HOPE GARDENS
Hope Gardens, Kingston 6
(876) 977-2277 / 927-1948
Fax (876) 977-2698

MANDEVILLE, MANCHESTER
23Caledonia Road
(RADA Bldg.)
(876) 613-7602

MONTEGO BAY, ST. JAMES
10 Delisser Drive
(The Office of the Prime Minister)
(876) 952-7913

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES
RE: PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Opinion

We have audited the financial statements of Public Sector Employees Co-operative Credit Union Limited, which comprise the statement of financial position as at 31st December 2019, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Credit Union's financial statements give a true and fair view of the financial position of the Credit Union as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union, in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key Audit Matter	How the matter was addressed during the audit
Expected Credit Loss ('ECL') on Financial Assets	Our procedures in this area includes the following;
IFRS 9 was implemented by the entity on January 1, 2019. The adopted standard is new and complex and requires the entity to recognize expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgment and estimates	- Obtaining an understanding of the models used by the entity for the calculation of expected credit losses including governance over the determination of key judgments.
The key areas requiring greater management judgment include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposure at default and the implication of forward-looking information.	- Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into IFRS 9 impairment models for investments.

LOCATIONS:

KINGSTON
Oxford House,
6 Oxford Road,
Kingston 5

T: +876-926-3562
F: +876-929-1300

MANDEVILLE
3rd Floor,
14 Caledonia Road,
Mandeville,
Manchester

T: +876-627-9048 / 630-2011

RUNAWAY BAY
Lot 33 & 34,
Gardiff Hall,
Runaway Bay,
St. Ann

T: +876-627-9048 / 630-2011

MONTEGO BAY
Unit 22, Block C,
Fairview Office Park 11,
Montego Bay,
St. James

T: +876-627-9048 / 630-2011

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES
RE: PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Key Audit Matter - Cont'd

Key Audit Matter	How the matter was addressed during the audit
Expected Credit Loss ('ECL') on Financial Assets (cont'd)	Our procedures in this area includes the following (cont'd);
<p>Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL computations, which increase the risk of material misstatement.</p> <p>We therefore determined that impairment on loans receivable and investment securities has a high degree of estimated uncertainty.</p> <p>In addition, disclosure regarding the entity's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgments and material inputs to the IFRS9 ECL results.</p>	<p>- Testing the completeness and accuracy of the data used in the models of the underlying accounting records based on a sample basis.</p> <p>- Evaluation of the appropriateness of the entity's impairment methodology including (SICR) criteria presented.</p> <p>- Assessment of the assumptions for probability of default, loss given default and exposure at default.</p> <p>- Assessment of the adequacy of the disclosure of the key assumption and judgements as well as the details of transition adjustment for compliance with IFRS 9.</p>

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES
RE: PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Cont'd)

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

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES
RE: PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

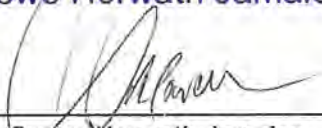
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Additional Matters as Required by the Co-operative Societies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Co-operative Societies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Ms. Simone Powell.

Crowe Horwath Jamaica



Crowe Horwath Jamaica

1st May 2020

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	2019 \$	2018 \$
<u>NON-CURRENT ASSETS</u>			
Earning:			
Loans to Members - Net of Provision for Loan Impairment	5	2,181,795,705	1,964,686,556
Financial Investments	7	46,207,933	12,637,731
		<u>2,228,003,638</u>	<u>1,977,324,287</u>
Non-Earning:			
Property, Plant & Equipment	8	121,791,083	116,786,328
Retirement Benefit Asset	9	16,996,000	10,059,000
		<u>138,787,083</u>	<u>126,845,328</u>
TOTAL NON-CURRENT ASSETS		<u>2,366,790,721</u>	<u>2,104,169,615</u>
<u>CURRENT ASSETS</u>			
Earning:			
Liquid Assets	10	155,522,143	223,711,703
Financial Investments	10	46,273,065	45,789,951
		<u>201,795,208</u>	<u>269,501,654</u>
Non-Earning:			
Liquid Assets	11	40,045,856	19,919,900
Receivables & Prepayments	11	51,020,405	100,243,587
		<u>91,066,261</u>	<u>120,163,487</u>
TOTAL CURRENT ASSETS		<u>292,861,469</u>	<u>389,665,141</u>
TOTAL ASSETS		<u>2,659,652,190</u>	<u>2,493,834,756</u>
<u>CAPITAL AND LIABILITIES</u>			
Members' Permanent Shares	12	162,555,205	155,860,659
Non-Institutional Capital	13	122,573,110	99,342,447
Institutional Capital	14	109,260,348	101,433,494
Total Equity		<u>394,388,663</u>	<u>356,636,600</u>
<u>NON-CURRENT LIABILITIES</u>			
Interest Bearing:			
Savings Deposits	16	660,500,246	485,186,954
Members' Voluntary Shares	17	997,232,626	941,367,094
Members' Deferred Shares	17	51,578,584	31,957,549
TOTAL NON-CURRENT LIABILITIES		<u>1,709,311,456</u>	<u>1,458,511,597</u>


The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	2019 \$	2018 \$
<u>CURRENT LIABILITIES</u>			
Interest Bearing:			
External Credits	18	357,472,021	442,418,387
Savings Deposits	16	135,396,342	178,568,033
		<u>492,868,363</u>	<u>620,986,420</u>
Non-Interest Bearing:			
Payables and Accruals	19	60,250,333	54,393,785
Deferred Income	20	2,833,375	3,306,354
		<u>63,083,708</u>	<u>57,700,139</u>
TOTAL CURRENT LIABILITIES		<u>555,952,071</u>	<u>678,686,559</u>
TOTAL CAPITAL AND LIABILITIES		<u>2,659,652,190</u>	<u>2,493,834,756</u>

The accompanying notes form an integral part of the financial statements.

**APPROVED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON May 1, 2020 AND
SIGNED ON ITS BEHALF BY:**



JEANETTE DAVIS
PRESIDENT



CHRISTOPHER MURDOCK
TREASURER

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	2019 \$	2018 \$
INTEREST INCOME:			
Loans to Members		400,235,901	360,980,555
Liquid Assets	21	11,914,900	5,276,080
Financial Investments	21	<u>160,930</u>	<u>68,948</u>
		<u>412,311,731</u>	<u>366,325,583</u>
INTEREST EXPENSE:			
Saving Deposits		47,370,231	36,037,023
External Credits		41,195,685	41,724,938
Members' Deferred Shares		2,430,958	1,272,721
Other Financial Costs	22	<u>1,407,235</u>	<u>1,392,309</u>
		<u>92,404,109</u>	<u>80,426,991</u>
NET INTEREST INCOME		319,907,622	285,898,592
Increase in Investment Provision		(212,309)	(463,175)
Increase in Provision for Loan Losses		<u>(13,204,965)</u>	<u>(17,327,025)</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS		<u>306,490,348</u>	<u>268,108,392</u>
NON-INTEREST INCOME			
Miscellaneous Income	23	<u>37,596,862</u>	<u>26,036,542</u>
GROSS INCOME		344,087,210	294,144,934
Less: Operating Expenses	24	<u>308,427,941</u>	<u>269,649,404</u>
NET INCOME BEFORE HONORARIA		35,659,269	24,495,530
Honoraria		<u>(3,500,000)</u>	<u>(1,500,000)</u>
NET INCOME AFTER HONORARIA		32,159,269	22,995,530
OTHER COMPREHENSIVE INCOME:			
Items that will or may be reclassified to profit or loss:			
Gain on Revaluation of Shares		989,895	598,080
Revaluation Gain on Property		8,311,500	-
Items that will not be reclassified to profit or loss:			
Minimum Business Tax		-	(60,000)
Remeasurement Gain/(Loss) on Retirement Benefit		<u>5,821,000</u>	<u>(2,659,000)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>47,281,664</u>	<u>20,874,610</u>

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31ST DECEMBER 2018

SUMMARY

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares	Non- Institutional Capital	Institutional Capital	Total
	\$	\$	\$	\$
Balance at 31st December 2017	155,860,659	89,010,344	95,866,862	340,737,865
Impact on Transition to IFRS 9 (see note 4(xv))	-	1,519,239	-	1,519,239
Balance at 31st December 2017 as restated	155,860,659	90,529,583	95,866,862	342,257,104
Total Comprehensive Income for the Year	-	20,874,610	-	20,874,610
Transfer - 20% of Net Income for the year 2018 before Honoraria	-	(4,899,106)	4,899,106	-
Subscription for Permanent Shares	-	-	-	-
Entrance Fee	-	-	667,526	667,526
Appropriation of Net Surplus for 2018				
Dividend on Permanent Shares	-	(3,117,213)	-	(3,117,213)
Education	-	-	-	-
Donations	-	(147,889)	-	(147,889)
GSAT Grant	-	(1,000,000)	-	(1,000,000)
Memorial Scholarship	-	(800,000)	-	(800,000)
Injection to Stabilisation Reserve	-	-	-	-
Adjustment to Permanent Share Transfer Fund	-	(2,097,538)	-	(2,097,538)
	-	(12,061,746)	5,566,632	(6,495,114)
Balance at 31st December 2018	155,860,659	99,342,447	101,433,494	335,761,990
carried forward				

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31ST DECEMBER 2019

SUMMARY (CONT'D)

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares	Non- Institutional Capital	Institutional Capital	Total
	\$	\$	\$	\$
Balance at 31st December 2018	155,860,659	99,342,447	101,433,494	356,636,600
Total Comprehensive Income for the Year	-	47,281,664	-	47,281,664
Transfer - 20% of Net Income for the year 2019 before Honoraria	-	(7,131,854)	7,131,854	-
Subscription for Permanent Shares	6,694,546	-	-	6,694,546
Entrance Fees	-	-	695,000	695,000
Appropriation of Net Surplus for 2019				
Dividend on Permanent Share	-	(12,000,000)	-	(12,000,000)
Donations	-	(876,888)	-	(876,888)
Education	-	(800,000)	-	(800,000)
Disaster Relief Fund	-	(629,936)	-	(629,936)
Memorial Scholarship	-	(1,000,000)	-	(1,000,000)
Disability Fund	-	(248,839)	-	(248,839)
Permanent Share Reserve Transfer	-	(1,000,000)	-	(1,000,000)
ATM Defrauded Provision	-	(1,000,000)	-	(1,000,000)
Transfers from Current Year Surplus:				
Adjustment to Permanent Share Transfer Fund	-	636,516	-	636,516
	6,694,546	(24,051,001)	7,826,854	37,752,063
Balance at 31st December 2019	162,555,205	122,573,110	109,260,348	394,388,663

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2019
NON-INSTITUTIONAL CAPITAL
(Expressed in Jamaican Dollars unless otherwise indicated)

	Fair Value Reserve	Revaluation & Building Reserve	Retirement Benefit Reserve	General Reserve	Special Reserve	Share Transfer Fund	Undistributed Surplus	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 31st December 2017 carried forward	1,463,235	65,729,466	12,718,000	1,554	16,347	1,516,640	7,565,102	89,010,344
Impact on Transition to IFRS 9 (see note 4 (xv))	-	-	-	-	-	-	1,519,239	1,519,239
Balance at 31st December 2017 as restated	1,463,235	65,729,466	12,718,000	1,554	16,347	1,516,640	9,084,341	90,529,583
Other Comprehensive Income								
Pension Income	-	-	(2,659,000)	-	-	-	-	(2,659,000)
Minimum Business Tax	-	-	-	-	-	-	(60,000)	(60,000)
Increase in Fair Value of Shares	598,080	-	-	-	-	-	-	598,080
Net Income After Honoraria	-	-	-	-	-	-	22,995,530	22,995,530
Total Comprehensive Income of the year	598,080	-	(2,659,000)	-	-	-	22,935,530	20,874,610
Transactions with Owners								
Appropriation of Net Surplus for 2017								
Dividend Paid on Permanent Shares	-	-	-	-	-	-	(3,117,213)	(3,117,213)
Donations	-	-	-	-	-	-	(147,889)	(147,889)
GSAT Grant	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Memorial Scholarship	-	-	-	-	-	-	(800,000)	(800,000)
Permanent Share Reserve Transfer	-	-	-	-	-	1,000,000	(1,000,000)	-
Transfer - 20% of Net Income for the year 2018 before Honoraria	-	-	-	-	-	-	(4,899,106)	(4,899,106)
Adjustment to Permanent Share Transfer Fund	-	-	-	-	-	(2,097,538)	-	(2,097,538)
Total Transactions with Owners	-	-	-	-	-	(1,097,538)	(10,964,208)	(12,061,746)
Balance at 31st December 2018 carried forward	2,061,315	65,729,466	10,059,000	1,554	16,347	419,102	21,055,663	99,342,447

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2019
NON-INSTITUTIONAL CAPITAL (CONT'D)
(Expressed in Jamaican Dollars unless otherwise indicated)

	Fair Value Reserve	Revaluation & Building Reserve	Retirement Benefit Reserve	General Reserve	Special Reserve	Share Transfer Fund	Undistributed Surplus	TOTAL
	₹	₹	₹	₹	₹	₹	₹	₹
Balance at 31st December 2018 brought forward	2,061,315	65,729,466	10,059,000	1,554	16,347	419,102	21,055,663	99,342,447
Other Comprehensive Income								
Pension Income	-	-	5,821,000	-	-	-	-	5,821,000
Increase in Fair Value of Shares	989,895	-	-	-	-	-	-	989,895
Revaluation Reserve	-	8,311,500	-	-	-	-	-	8,311,500
Net Income After Honoraria	-	-	-	-	-	-	32,159,269	32,159,269
Total Comprehensive Income for the Year	989,895	8,311,500	5,821,000	-	-	-	32,159,269	47,281,664
Transactions with Owners								
Appropriation of Net Surplus for 2018								
Dividend on Permanent Share	-	-	-	-	-	-	(12,000,000)	(12,000,000)
Donations	-	-	-	-	-	-	(876,888)	(876,888)
Education	-	-	-	-	-	-	(800,000)	(800,000)
Disaster Relief Fund	-	-	-	-	-	-	(629,936)	(629,936)
Memorial Scholarship	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Disability Fund	-	-	-	-	-	-	(248,839)	(248,839)
Permanent Share Reserve Transfer	-	-	-	-	-	-	(1,000,000)	(1,000,000)
ATM Defrauded Provision	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Transfer to Retirement Benefit Reserve	-	-	1,116,000	-	-	-	(1,116,000)	-
Transfer - 20% of Net Income for the year 2018 before Honoraria	-	-	-	-	-	-	(7,131,854)	(7,131,854)
Adjustment to Permanent Share Transfer Fund	-	-	-	-	-	636,516	-	636,516
Total Transactions with Owners	-	-	1,116,000	-	-	636,516	(25,803,517)	(24,051,001)
Balance at 31st December 2019	3,051,210	74,040,966	16,996,000	1,554	16,347	1,055,618	27,411,415	122,573,110

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2019
INSTITUTIONAL CAPITAL
(Expressed in Jamaican Dollars unless otherwise indicated)

	Legal & Statutory Reserves \$	Retained Earnings Reserve \$	TOTAL \$
Balance at 31st December 2017	85,866,862	10,000,000	95,866,862
Entrance Fees	667,526	-	667,526
Transfer - 20% of Net Income for the year 2018 before Honoraria	4,899,106	-	4,899,106
Balance at 31st December 2018	91,433,494	10,000,000	101,433,494
Entrance Fees	695,000	-	695,000
Transfer - 20% of Net Income for the year 2019 before Honoraria	7,131,854	-	7,131,854
Balance at 31st December 2019	99,260,348	10,000,000	109,260,348

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF CASH FLOWS
YEAR ENDED 31ST DECEMBER 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	2019	2018
	\$	\$
Total Comprehensive Income for year	47,281,664	20,874,610
Non - Cash items included in Comprehensive Income		
Depreciation	11,206,642	9,605,910
Provision for Loan Losses	13,417,274	17,327,025
Revaluation of Quoted Shares	(989,895)	(598,080)
Revaluation Gain on properties	(8,311,500)	-
Pension Income	(6,937,000)	2,659,000
	55,667,185	49,868,465
(Increase) / Decrease in Operating Assets		
Accounts Receivable & Prepayments	49,223,182	(65,047,345)
Increase / (Decrease) in Operating Liabilities		
Payables and Accruals	5,856,547	7,198,050
Deferred Income	(472,979)	3,306,354
Cash Provided by / (Used in) Operating Activities	110,273,935	(4,674,476)
Cash Flows from Investing Activities		
Loans to Members	(230,314,113)	(350,354,238)
Financial Investments	(34,265,625)	(8,205,181)
Purchase of Property, Plant & Equipment	(7,899,897)	(38,535,797)
Net Cash Used in Investing Activities	(272,479,635)	(397,095,216)
Cash Flows from Financing Activities		
Savings Deposits	132,141,601	216,477,869
External Credits	(84,946,366)	48,327,903
Members' Voluntary Shares	55,865,532	79,277,282
Members' Deferred Shares	19,621,035	16,689,435
Members' Permanent Shares	6,694,546	-
Entrance Fees	695,000	667,526
Donations	(876,888)	(147,889)
Share Transfer Fund	636,516	(2,097,538)
Dividend Paid on Permanent Shares	(12,000,000)	(3,117,213)
Transfer to/(from) Undistributed Surplus	(1,000,000)	(1,000,000)
ATM Defrauded Provision	(1,000,000)	-
Fair Value Reserve	989,895	598,080
Disaster Relief Fund	(629,936)	-
Disability Fund	(248,839)	-
Education & Scholarship Fund	(1,800,000)	(800,000)
Net Cash Provided by Financing Activities	114,142,096	354,875,455
Decrease in Liquid assets	(48,063,604)	(46,894,237)
Liquid Assets at beginning of year	243,631,603	290,525,840
Liquid Assets at end of year	195,567,999	243,631,603
Liquid Assets		
Cash and Bank Balances: Non-Earning	40,045,856	19,919,900
Cash and Bank Balances: Earning	155,522,143	223,711,703
	195,567,999	243,631,603

The accompanying notes form an integral part of the financial statements.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

1. Identification:

The Co-operative is registered under the Co-operative Societies Act. Membership in the Credit Union is limited to the following:

- (a) All Employees of the Government of Jamaica i.e. Public Sector Employees.
- (b) Past employees of the public sector who were members of the Credit Union when they resigned or retired.
- (c) Employees of the Public Sector Employees Co-operative Credit Union Limited.
- (d) Members of other credit unions who serve public sector employees.
- (e) Spouses and/or children of the "active" members mentioned above.

Any or all of whom shall not be less than the age prescribed by the Co-operative Societies Act provided that any person who gains membership by virtue of sections (c), (d) and (e) above shall not be entitled to transmit membership to their spouse and children.

The liability of individual members is limited by shares, Individual membership may not exceed 20% of total share capital.

The main objectives of the Co-operative are:

- (a) the promotion of thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit;
- (b) the provision of loans to members at reasonable rates of interest and exclusively for provident and productive purposes;
- (c) to receive the savings of its members either as payment on shares or as deposits.

2. Regulation:

The Co-operative Societies Act requires, amongst other provisions, that at least 20% of the net profit of the credit union be transferred annually to a reserve fund. Section 59(1) & (2) of the Act provides for the exemption from Income Tax and Stamp Duty for the Credit Union.

3. Adoption of Standards, Interpretations and Amendments:

- (a) Standards and Interpretations in respect of published standards that are in effect:

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IFRS 9: Financial Instruments Prepayment Features with Negative Compensation (Effective January 1, 2019)

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Annual Improvements to IFRS Standards 2015–2017 Cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 2019

IFRS 3: Business Combinations and IFRS 11: Joint Arrangements (Effective January 2019)

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) (Effective January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

IAS 23: Borrowing Costs (Effective January 2019)

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

3. Adoption of Standards, Interpretations and Amendments (Cont'd):

(b) Standards and interpretations in respect of published standards that are not in effect:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Credit Union has not early-adopted. The Credit Union has assessed the relevance of all the new standards, amendments and interpretations with respect to the credit union's operations and has determined that the following are likely to have an effect on the Credit Union's financial statements:

IFRS 17: Insurance Contracts (Effective January 2021)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

Definition of a Business (Amendments to IFRS 3) (Effective January 2020)

IFRS 17: Insurance Contracts (Effective January 2021)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A, Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

3. Adoption of Standards, Interpretations and Amendments (Cont'd):

(b) Standards and interpretations in respect of published standards that are not in effect (cont'd):

Definition of a Business (Amendments to IFRS 3) (Effective January 2020)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A, Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Definition of Material (Amendments to IAS 1 and IAS 8) (Effective January 2020)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (Effective January 2020)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Credit Union is assessing the impact these amendments will have on its financial statements.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(a) Statement of compliance and Basis of Preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Co-operative Societies Act. They have been prepared under the historical cost convention and are expressed in Jamaican Dollars which is the functional currency of the Credit Union.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies:

(i) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

Critical Accounting Estimate and judgement applied

i) Classification of Financial Asset

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal payment amount outstanding requires management to make certain judgments on its business operations.

ii) Impairment of Financial Assets

Establishing the criteria of determining whether credit risk of the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Risk of Estimation uncertainty

i) Measurement of Expected Credit allowance/provision under IFRS 9

The measurement of expected credit allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. That is the likelihood of members defaulting and the resulting loss).

A number of significant judgements are also required in applying the accounting requirement for measuring expected credit losses, as follows;

- determining criteria for significant increase in credit risk;
- selecting appropriate models and assumptions for the measurement of expected credit losses;
- establishing of the number and relative weightings of forward-looking scenarios for each type of product or market and associated expected credit loss;
- establishing groups of similar financial assets for the purpose of measuring expected credit losses.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(ii) Loans to members and provision for loan impairment.

Loans are stated net of any unearned income and provision for impairment losses.

The Credit Union, under the IFRS 9 Expected Credit Loss (ECL) impairment framework, recognises ECLs on loans, taking into account past events, current conditions and forecast information. In this regard, the Credit Union determines the economic variables that are likely to influence the borrowers' ability to meet their loan obligations in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

Additionally, the credit union is required to update the amount of ECLs recognised at each reporting date to reflect changes in credit risk of the loan portfolio.

Loans to members are held solely for the collection of principal and interest in accordance with the contractual arrangement between the credit union and the borrower. Therefore, loans are classified under the hold to collect business model and are measured at amortized cost.

The credit union assigns an initial risk rating to each loan at the date of disbursement. The risk rating is determined by the credit score assigned and categorised in the recognised credit score bands.

Loan Staging

By way of disclosure, the credit union estimates and reports the ECL on a stage by stage basis.

Stage 1

Loans are placed in Stage 1 at origination and remains in this stage providing that such loans have not experience a significant increase in credit risk.

Stage 2

Loans are transitioned to Stage 2 when there is evidence that such loans have experienced a significant increase in credit risk.

Stage 3

Loans are transitioned into Stage 3 if there is evidence that these loans are impaired or are at a default stage. Loans that are past due for a period of 90 days or more are deemed to have defaulted.

Specific provisions are established as a result of a review of the carrying value of loans in arrears and are derived based on the Supervisory Body's provisioning policy of making a full provision for loans in arrears over twelve (12) months. General provisions of ten percent (10%) to sixty percent (60%) are established in respect of loans in arrears for two (2) to twelve (12) months.

Regulatory loan loss reserve requirements that exceed the provision required under International Financial Reporting Standards - IFRS 9 "Financial Instruments" are dealt with in a non-distributable loan loss reserve as a transfer from unappropriated profits.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(iii) Investments

At initial recognition, the Credit Union measures a financial asset at its fair value, plus or minus (in the case of a financial asset not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset; such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Immediately after recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

From 1st January 2018, the Credit Union has applied IFRS 9 and classified its financial assets as either Fair value through profit or loss (FVTPL); Fair value through other comprehensive income (FVOCI) or Amortised cost.

Classification and subsequent measurement of debt instruments depend on the credit union's business model for managing the asset; and the cash flow characteristics of the asset.

Based on these factors, the credit union classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost:* Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (vi). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).
- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business Model: the business model reflects how the credit union manages the assets in order to generate cash flows. That is, whether the credit union's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

(iv) Property, plant and equipment

Property, plant and equipment, including furniture, fixtures and equipment, computers and building held for administrative purposes, are stated in the statement of financial position at cost, less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, using the straight line method, on the following bases:

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4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(iv) Property, plant and equipment (cont'd) -

Buildings	4%	per annum
Computers & Equipments	25%	per annum
Furniture, Fixtures	10%	per annum
Generator	10%	per annum
Motor Vehicle	20%	per annum

No depreciation is provided on land.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.

(v) Impairment

The Credit Union recognises loss allowances for expected credit losses (ECL) on financial assets that are debt instruments that are not measured at Fair Value Through Profit & Loss (FVTPL).

Loss allowances are measured at an amount equal to lifetime ECL except for the following are measured as a 12-month ECL:

- debt investment securities that are low
- other financial instruments (other than lease receivables) on which credit risk not not increased significantly.

12-month ECL are the portion of ECL that result from default events of a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised is referred to as Stage 1 financial instrument.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial Instruments for which lifetime ECL is recognised and is not credit-impaired is referred to Stage 2 financial instruments.

At each reporting date, the credit union assesses whether the financial assets carried at amortised cost are credit-impaired (referred to Stage 3 financial assets)

(vi) Other assets

Other assets comprise receivables which are carried at original amounts less provisions made for bad debts and impairment losses. A provision for bad debts is established when there is objective evidence that the Credit Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of any provision is the difference between the carrying amount and the expected recoverable amount.

(vii) Retirement benefit asset

The Credit Union participates in a multi-employer defined benefit pension scheme. The pension scheme is generally funded by payments from employees and the Credit Union, taking into account the recommendation of independent qualified actuaries. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(vii) Retirement benefit asset (cont'd):

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability.

Remeasurement of the net defined benefit asset is recognised directly in equity. The remeasurement includes:

- actuarial gains and losses
- return on Plan assets (interest included)
- any asset ceiling effects (interest included).

Service costs are recognised in the profit or loss, and include current and past service costs as well as gains or losses on curtailment.

(viii) Liquid Assets

For the purpose of the statement of cash flow, liquid earning assets comprise investments maturing within nine (9) months from the date of the statement of financial position; and also foreign and local saving accounts. Liquid non-earning assets comprise cash on hand and current accounts held at banks.

(ix) Members' deposits

Members' deposits are stated at their nominal value.

(x) Other liabilities

Other liabilities are stated at their nominal value.

(xi) Deferred Income

Donations or contributions received for capital or recurring expenditure is recognised in deferred income at amortised cost. An amount equivalent to the depreciation charge on capital assets acquired from the funds is recognised as income in profit or loss. Amounts used for recurring expenses are recognised in profit or loss as the expenses are incurred

(xii) Permanent Shares

Under the proposed Bank of Jamaica regulations and International Financial Reporting Standards, Voluntary Shares in the Credit Union can no longer be regarded as Share Capital but should now be treated as a liability. The Credit Union has therefore established Permanent Shares in order to strengthen its capital base. Special Bye-Laws were passed at an Annual General Meeting held on July 19, 2007, in accordance with the Co-operative Societies Act and approved by the Registrar. All new applicants for membership and existing members of the Credit Union are required to subscribe a minimum of 250 Permanent Shares. These shares are issued at a par value of \$2 each and are referred to as Permanent Shares.

Monies paid for Permanent Shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Credit Union.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(xii) Permanent Shares (cont'd):

An individual ceasing to be a member of the Credit Union, shall be entitled to redeem any amount held as Permanent Shares. Permanent Shares are redeemable only upon transfer to another member.

(xiii) Institutional Capital

Institutional Capital is comprised of permanent shares reserve, capital reserves and other statutory and legal reserves as set out in Article XIV Rule 66. These reserves are set aside in order to strengthen the capital base of the Credit Union and thereby protect the interest of the members. They are not available for distribution. Transfers to other reserves are made on the basis of decisions taken at Annual General Meetings.

Statutory & Legal Reserves

The Co-operative Societies Act provides that at least twenty percent (20%) of Annual Net Income should be carried to a Reserve Fund. Members entrance fees are also credited to these reserves.

(xiv) Non-institutional Capital

Loan Loss Reserve

This represents the excess of the Credit Union's internally assessed provision for loan impairment, over that which is required under IFRS.

Retirement Benefit Reserve

This reserve was created to match the value of the retirement benefit asset of the Credit Union. The unrealised amounts in respect of the recognised retirement benefit asset are transferred to a non-distributable reserve.

Share Transfer Fund

In accordance with the Credit Union's rules, a Share Transfer Fund was established from undistributed surplus, to buy back the permanent shares of deceased or resigning members. Shares purchased through this fund would be sold to new members joining the Credit Union.

Other Non-qualifying Reserve

Transfers to other reserves are made on the basis of decisions taken at the Annual General Meetings of members.

4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(xv) League fees and stabilization dues

Jamaica Co-operative Credit Union League (JCCUL) has fixed the rate of league fees at 0.2% (2018 - 0.02%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2018 - 0.15%) of total savings.

(xvi) Provisions

Provisions are recognised when the Credit Union has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

IFRS 9 - Expected Credit Loss (ECL)

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and measurement". IFRS 9 brings fundamental changes to the accounting of financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Credit Union has adopted consequential amendments to IFRS 7 "Financial Instruments Disclosure", which are applied to disclosures about the financial year 2018, but have not been applied to the comparative information.

The Expected Credit Loss (ECL) represents the amount the Credit Union is likely to lose in the event of a default.

In recognising Expected Credit Loss (ECL) as prescribed by IFRS 9, the Credit Union took into account past events, current conditions and forecast information. The Credit Union determined the economic variables that are likely to influence the borrowers ability to meet their loan obligation in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

At each reporting date, the Credit Union is required to update the amount of ECLs recognised to reflect changes in credit risk of the loan portfolio.

At least once annually, the credit union re-assesses the risk ratings bands and carries out the necessary adjustments in order to ensure that the ratings bands are consistent with prevailing trends and conditions.

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4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (cont'd):

(xvi) Provisions (cont'd):

The impact of transition to IFRS9 is as follows;

Initial Recognition:		\$
Balance as at December 31, 2017		21,055,663
Impairment provision as at December 31, 2017 under IAS 39:		
On Loans to Members	48,081,520	
Expected Credit Loss as at January 1, 2018 under IFRS 9		
On Loans to Members	(14,946,710)	
Recognition of expected credit loss in Non-Institutional Capital under IFRS 9		33,134,810
Balance as at a December 31, 2017 as restated		<u>54,190,473</u>

(xvii) Borrowing costs

Borrowing costs are recognized in the Statement of Comprehensive Income for all Interest Bearing Liabilities in the period in which they are incurred by reference to the principal outstanding and at the effective interest rate applicable.

(xviii) Expenses

Expenses are recognized in the Statement of Comprehensive Income on the accrual basis.

(xix) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business. Interest income earned from loans, investments and fees are recorded on the accrual basis.

(xx) Foreign Currency Transactions

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Foreign currency balances at the date of the statement of financial position are translated at the rates ruling on that date. Gains or losses arising from fluctuations in exchange rate in the Statement of Comprehensive Income.

(xxi) Comparative information

Where necessary, comparative figures have been re-classified and/or restated to conform with changes in presentation in the current year.

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4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) (xxii) Capital Management

The Credit Union's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to its members and benefits to other stakeholders, and to maintain a strong capital base in order to support the development of its business. The Credit Union's capital is defined as its Institutional Capital and other eligible reserves. Its dividend payout is usually made taking into account maintenance of an adequate capital base. In accordance with regulatory requirements, at least twenty percent (20%) of net income must be transferred to Institutional Capital at the end of each financial year before any appropriation of surplus.

The Credit Union has adopted JCCUL's PEARLS monitoring system which is intended among other things to reveal institutional weaknesses and trends. PEARLS is the acronym for Protection, Effective Financial Structure, Asset Quality, Rates of Return and Costs, Liquidity, and Signs of Growth, and are a set of financial ratios or indicators, each with a prudential norm or associated goal. The target goal for each indicator is set by the World Council of Credit Unions based on its field experience.

One of the requirements under the PEARLS monitoring system is for the Credit Union to maintain its Institutional Capital at a minimum of eight percent (8%) of total assets. At the date of the statement of financial position, this ratio was 10.2% (2018 - 10.3%).

There were no changes in the Credit Union's approach to capital management during the year.

5. Loans to Members:

	2019	2018
	\$	\$
Balance at Beginning of Year	1,996,960,291	1,646,606,053
Add: Loans Granted	<u>1,611,949,508</u>	<u>2,222,388,230</u>
	3,608,909,799	3,868,994,283
Less: Repayments and Transfers	<u>(1,381,635,395)</u>	<u>(1,872,033,992)</u>
	2,227,274,404	1,996,960,291
Less: Expected Credit Losses (ECL)	<u>(45,478,699)</u>	<u>(32,273,735)</u>
	<u><u>2,181,795,705</u></u>	<u><u>1,964,686,556</u></u>
Loans are classified as follows:		
- Personal	2,227,098,431	1,996,890,932
- Educational	<u>175,973</u>	<u>69,360</u>
	<u><u>2,227,274,404</u></u>	<u><u>1,996,960,292</u></u>

6. Provision for Loan Impairment:

	2019	2018
	\$	\$
Balance at Beginning of Year	32,273,735	16,465,949
Increase in Expected Credit Losses (ECL)	<u>28,936,944</u>	<u>49,589,642</u>
	61,210,679	66,055,591
Less Reductions in Expected Credit Losses (ECL)	<u>(15,731,980)</u>	<u>(33,781,857)</u>
Balance at End of Year	<u><u>45,478,699</u></u>	<u><u>32,273,735</u></u>

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6. Provision for Loan Impairment (Cont'd):

Provision for loan losses determined under JCCUL Regulatory requirements is as follows:

	Total Delinquent Loans	Standard Rate	Loan Loss Provision 2019	Loan Loss Provision 2018
	\$	%	\$	\$
31-60 Days	9,240,692	Nil	-	-
61-90 Days	1,725,423	10	172,542	305,530
91-180 Days	12,878,731	30	3,863,619	2,420,494
181-364 Days	13,671,496	60	8,202,898	6,048,248
Over 365 Days	27,580,553	100	27,580,553	15,452,025
	<u>65,096,895</u>		<u>39,819,612</u>	<u>24,226,297</u>
			2019	2018
			\$	\$
Regulatory Loan Loss Provision			39,819,612	24,226,297
Less IFRS 9 Expected Credit Losses (ECL)			<u>45,478,699</u>	<u>48,081,520</u>
Excess over IFRS 9 Transferred to Loan Loss Reserve			<u>(5,659,087)</u>	<u>-</u>

The value of securities held against outstanding loans have not been taken into account in estimating the provision for loan losses. The Directors have not estimated the value of these securities.

The following is a summary of delinquent loans at 31st December 2019:

	Number in Arrears	Total Delinquent Loans	Savings held against Loans	Portion not covered by Savings
		\$	\$	\$
31 - 60 Days	19	9,240,692	5,711,965	3,528,727
61 - 90 Days	9	1,725,423	735,646	989,777
91 - 180 Days	30	12,878,731	3,682,769	9,195,962
181 - 364 Days	56	13,671,496	5,425,374	8,246,122
Over 365 Days	<u>118</u>	<u>27,580,553</u>	<u>4,064,156</u>	<u>23,516,397</u>
	<u>232</u>	<u>65,096,895</u>	<u>19,619,910</u>	<u>45,476,985</u>

7. Non-Current Assets - Financial Investments:

	2019	2018
	\$	\$
Available-for-Sale		
NCB - Quoted Shares	2,359,680	1,790,640
JCCUL - Un-quoted Shares	138,699	138,699
Permanent Shares	2,007,555	2,007,555
CUFMC Shares	1,200,000	1,125,000
Qnet Shares	902,984	970,950
Mortgage Fund	69,783	68,062
Barita Investment	40,204,716	7,000,000
Less provision	<u>(675,484)</u>	<u>(463,175)</u>
	<u>46,207,933</u>	<u>12,637,731</u>

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8. Property, Plant & Equipment

	Freehold Land	Freehold Building	Furniture & Fixture	Motor Vehicle	Computer & Equipment	Total
	\$	\$	\$	\$	\$	\$
<u>At Cost or Valuation</u>						
31st December 2017	13,500,000	72,500,000	18,875,566	10,916,680	40,703,143	156,495,389
Additions	4,000,000	18,495,000	6,997,649	1	9,043,147	38,535,797
31st December 2018	17,500,000	90,995,000	25,873,215	10,916,681	49,746,290	195,031,186
Additions	-	-	3,902,240	-	3,997,657	7,899,897
Revaluation of Property	500,000	3,005,000	-	(6,166,681)	-	(2,661,681)
31st December 2019	18,000,000	94,000,000	29,775,455	4,750,000	53,743,947	200,269,402
<u>Depreciation</u>						
31st December 2017	-	14,977,212	13,644,189	9,271,730	30,745,818	68,638,949
Charge for the year	-	3,086,440	1,131,476	988,154	4,399,839	9,605,909
31st December 2018	-	18,063,652	14,775,665	10,259,884	35,145,657	78,244,858
Charge for the year	-	3,672,884	1,738,421	1,005,731	4,789,606	11,206,642
Elimination on revaluation	-	(186,470)	-	(10,786,711)	-	(10,973,181)
31st December 2019	-	21,550,066	16,514,086	478,904	39,935,263	78,478,319
<u>Net Book Values</u>						
31st December 2019	18,000,000	72,449,934	13,261,369	4,271,096	13,808,684	121,791,083
31st December 2018	17,500,000	72,931,348	11,097,550	656,797	14,600,633	116,786,328
31st December 2017	13,500,000	57,522,788	5,231,377	1,644,950	9,957,325	87,856,440

Land and Buildings located at Caribbean Estate, Portmore, St. Catherine were valued on December 2018 by Oliver Property Services for twenty-six million dollars (\$26,000,000). The Motor vehicles were valued in June 2019, by Advanced Insurance Adjusters Limited for four million, seven hundred and fifty thousand dollars (\$4,750,000). The net increase in value has been credited to the Revaluation Reserve.

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9. Retirement Benefit Asset:

The Credit Union participates in a multi-employer pension plan. The pension plan is a defined benefit plan and is funded. The assets of the funded plan are held independently of the Credit Union's assets in a separate trustee administered fund. Independent actuaries value the plans forming a part of the scheme every year using the projected unit credit method. The latest actuarial valuations were carried out as at December 31, 2019.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2019	2018
	\$	\$
Present Value of funded obligations	(65,306,000)	(56,511,000)
Fair Value of plan assets	<u>82,302,000</u>	<u>66,570,000</u>
Asset recognised in the Statement of Financial Position	<u><u>16,996,000</u></u>	<u><u>10,059,000</u></u>

The amounts recognised in the statement of comprehensive income are as follows:

	2019	2018
	\$	\$
Employer's Current Service Cost	(4,789,000)	(3,310,000)
Interest Cost on Obligation	(4,084,000)	(3,481,000)
Interest Income on Plan Assets	4,981,000	4,725,000
Past Service Cost	-	-
Administrative Expenses	<u>(499,000)</u>	<u>(414,000)</u>
Net Pension Expense recognised	<u><u>(4,391,000)</u></u>	<u><u>(2,480,000)</u></u>
Actuarial Gain on Obligation	3,732,000	(5,096,000)
Actuarial Loss on Plan Assets	<u>2,089,000</u>	<u>(766,000)</u>
Remeasurement Income	<u><u>5,821,000</u></u>	<u><u>(5,862,000)</u></u>

Movements in the amounts recognised in the statement of financial position:

	2019	2018
	\$	\$
Net Asset at beginning of year	10,059,000	12,718,000
Pension Expense recognised	(4,391,000)	(2,480,000)
Remeasurements	5,821,000	(5,862,000)
Contributions Paid	<u>5,507,000</u>	<u>5,683,000</u>
Closing Net Asset at end of year	<u><u>16,996,000</u></u>	<u><u>10,059,000</u></u>

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9. Retirement Benefit Asset (Cont'd):

The principal actuarial assumptions used in valuing the plan were as follows:

	<u>2019</u>	<u>2018</u>
Discount rate	7.0%	7.0%
Expected rate of return on plan assets	N/A	N/A
Expected future salary increases	5.0%	5.0%
Price Inflation	5.0%	5.0%
Pension Increases	2.5%	2.5%

The five-year trend for the fair value of plan assets, the defined benefit obligations, the surplus in the pension plan, and experience adjustments for plan assets and liabilities were as follows:

	2019 '000	2018 '000	2017 '000	2016 '000	2015 '000
Fair Value of Plan Assets as previously reported	82,302	66,570	55,109	36,862	29,203
Adjustment as reflected in revised Actuarial Valuation	-	-	-	4,015	-
Revised Fair Value of Plan Assets	82,302	66,570	55,109	40,877	29,203
Defined Benefit Obligation as previously reported	65,306	56,511	42,391	24,073	20,877
Adjustment as reflected in revised Actuarial Valuation	-	-	-	4,909	-
Revised Defined Benefit Obligation	65,306	56,511	42,391	28,982	20,877
Surplus	16,996	10,059	12,718	11,895	8,326

Experience Adjustments

Fair Value of Plan Assets as previously reported	2,089	(766)	910	(2,023)	(732)
Adjustment as reflected in revised Actuarial Valuation	-	-	-	4,031	-
Revised Fair Value of Plan Assets	2,089	(766)	910	2,008	(732)
Defined Benefit Obligation	(1,226)	(1,226)	540	451	(151)

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10. Current Assets - Earning:

	2019	2018
	\$	\$
<u>Liquid Assets:</u>		
JCCUL - Certificates of Deposits	77,536,136	75,355,706
JCCUL - CU Cash Deposits	69,509,392	140,178,589
JCCUL - CU Premium	964,744	957,169
BNS (DBG) Investment	1,574,124	1,568,787
Money Masters Ltd.	5,937,747	5,651,452
	<u>155,522,143</u>	<u>223,711,703</u>

Financial Investments:

	2019	2018
	\$	\$
Amortised Costs - C.U.E.T.S. Deposit	<u>46,273,065</u>	<u>45,789,951</u>

11. Current Assets - Non-Earning:

	2019	2018
	\$	\$
<u>Liquid Assets</u>		
<u>Cash and Bank Balances</u>		
Savings Account	656,730	651,208
Current Account	35,685,010	18,368,003
Cash on Hand	3,704,116	900,689
	<u>40,045,856</u>	<u>19,919,900</u>

Receivables & Prepayments

	2019	2018
	\$	\$
Interest Receivable - Loans	43,421,445	34,948,823
Other Receivables & Prepayments	7,598,960	65,294,764
	<u>51,020,405</u>	<u>100,243,587</u>

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12. Members' Permanent Shares:

	2019	2018
	\$	\$
Balance at beginning of year	155,860,659	155,860,659
Net Subscriptions & Transfers	6,694,546	-
Balance at end of year	<u>162,555,205</u>	<u>155,860,659</u>

13. Non-Institutional Capital:

	2019	2018
	\$	\$
i) Revaluation & Building Reserve	74,040,966	65,729,466
ii) Retirement Benefit Asset Reserve	16,996,000	10,059,000
iii) General Reserve	1,554	1,554
iv) Special Reserve	16,347	16,347
v) Fair Value Reserve	3,051,210	2,061,315
vi) Share Transfer Fund	1,055,618	419,102
vii) Loan Loss Reserve	-	-
viii) Undistributed Surplus	<u>27,411,415</u>	<u>21,055,663</u>
	<u>122,573,110</u>	<u>99,342,447</u>

i) Revaluation & Building Reserve

This represents unrealised gains on the revaluation of the land and buildings.

ii) Retirement Benefit Asset Reserve

This reserve was created to match the value of the Retirement Benefit Asset of the Credit Union. Movement on this reserve is dealt with as an appropriation to or from the Undistributed Surplus.

iii) General Reserve

The general reserve was set up for unspecific purposes to be decided upon.

iv) Special Reserve

The general reserve was set up for unspecific purposes to be decided upon.

v) Fair Value Reserve

This reserve comprises the unrealised fair value gain on NCB quoted shares.

vi) Share Transfer Fund

The Share Transfer Fund is maintained to facilitate the repurchase of shares. Shares purchased through this reserve must be sold to members of the Credit Union before any new shares may be issued.

vii) Loan Loss Reserve

The Loan Loss reserve represents the difference between the IAS 39 Loan Impairment and the regulatory Loan Loss Provision.

viii) Undistributed Surplus

This represents surplus at the end of the year which is available for distribution.

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14. Institutional Capital:

	2019	2018
	\$	\$
Retained Earnings Reserve	10,000,000	10,000,000
Legal & Statutory Reserves (Note 15)	99,260,348	91,433,494
	<u>109,260,348</u>	<u>101,433,494</u>

Under the Co-operative Societies Act, at least 20% of the Net Surplus must be transferred to Statutory Reserve. The Share Transfer Fund is maintained to facilitate the repurchase of shares. Shares purchased through this reserve must be sold to members of the Credit Union before any new shares may be issued.

15. Legal & Statutory Reserves:

	2019	2018
	\$	\$
Balance at beginning of year	91,433,494	85,866,862
Add: 20% of Net Income	7,131,854	4,899,106
Entrance Fees	695,000	667,526
Balance at end of year	<u>99,260,348</u>	<u>91,433,494</u>

16. Interest Bearing Liabilities - Savings Deposits:

	2019	2018
	\$	\$
<u>Non-Current</u>		
Special Deposits	625,039,039	457,901,847
Youth Savings Deposits	35,461,207	27,285,107
	<u>660,500,246</u>	<u>485,186,954</u>
<u>Current</u>		
Regular Savings and Deposits	87,599,575	136,775,982
Fixed Deposits	1,826,408	1,281,877
Christmas Savings Club	2,769,771	2,279,428
Golden Harvest Savings	4,670,069	5,773,860
Golden Harvest (7%)	23,237,125	18,357,186
Partner Plan	434,000	590,000
Standing Orders (Delinquent)	2,261,009	2,427,577
Standing Orders	12,598,385	11,082,123
	<u>135,396,342</u>	<u>178,568,033</u>
	<u>795,896,588</u>	<u>663,754,987</u>

17. Members' Voluntary Shares/Deferred Shares:

Voluntary Shares

	2019	2018
	\$	\$
Balance at beginning of year	941,367,094	862,089,812
Add : Subscription/Dividends Paid	316,246,948	302,200,847
	1,257,614,042	1,164,290,659
Less: Transfers	(260,381,416)	(222,923,565)
Balance at end of year	<u>997,232,626</u>	<u>941,367,094</u>

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17. Members' Voluntary Shares/Deferred Shares - Cont'd

Deferred Shares	2019	2018
	\$	\$
Balance at beginning of year	31,957,549	15,268,114
Additions for the year	<u>19,621,035</u>	<u>16,689,435</u>
Balance at end of year	<u>51,578,584</u>	<u>31,957,549</u>

Deferred Shares are not withdrawable for a period of five (5) years. Interest will be paid at a rate of 6% per annum.

Based on the draft Bank of Jamaica Credit Union Regulations, Deferred Shares are treated as Institutional Capital, and as such are included in the calculation of the Capital to Asset ratio. However, they are classified as liabilities in these financial statements in accordance with the requirements of IFRS.

18. Interest Bearing Liabilities - External Credits:

	2019	2018
	\$	\$
Loans - JCCUL & Money Masters	237,472,021	442,418,387
Loans - Sagicor Bank	<u>120,000,000</u>	<u>-</u>
	<u>357,472,021</u>	<u>442,418,387</u>

The above loans were obtained by the Credit Union under line of credit facilities. The loans were taken in the form of several draw downs. An additional loan of One Hundred and Forty Eight Million dollars (\$148m) was taken in the current year. The purposes are for liquidity support and building. The interest rates on these loans ranged between 8.5% and 13% and are secured by the hypothecation of savings deposits and legal mortgage stamped on property. All amounts outstanding are due for repayment over the next 5 years.

19. Non-Interest Bearing Liabilities:

	2019	2018
	\$	\$
<u>Accounts Payable & Accruals</u>		
Deceased Estate Accounts	9,883,602	10,012,098
ATM Payable	8,088,679	9,217,294
Bill Express Payable	99,251	339,562
Withheld Tax Payable	10,591,650	9,173,139
Interest Charges Payable	288,732	214,103
Dividend Payable	409,758	1,778,226
Accruals	367	1,338,663
Audit Fees Accrued	798,782	1,257,501
Conec Mobile Wallet	80,505	80,505
Staff Expenses Accrued	16,937,556	12,755,884
Other	<u>9,684,989</u>	<u>5,591,422</u>
	<u>56,863,871</u>	<u>51,758,397</u>
<u>Other Provisions</u>		
Restoration Reserve	420,033	420,033
Donation Provision	31,923	12,035
Disaster Relief Fund	2,000,001	1,423,654
Disability Fund	932,000	766,161
Scholarship Reserve / Education Provision	1,180	1,180
Building Improvement Reserve	1,325	1,325
Education Provision	<u>-</u>	<u>11,000</u>
	<u>3,386,462</u>	<u>2,635,388</u>
	<u>60,250,333</u>	<u>54,393,785</u>

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20. Deferred Income:

	2019	2018
	\$	\$
Injection for IFRS 9 Implementation	3,306,354	4,023,178
Depreciation charge for Upgrade to Computer Software	(472,979)	(382,499)
Current year Cost of Implementation of IFRS9	-	(334,325)
	<u>2,833,375</u>	<u>3,306,354</u>

This represents an injection by JCCUL to offset the costs of IFRS 9 implementation.

21. Liquid Asset and Financial Investment Income:

	2019	2018
	\$	\$
(i) Liquid Assets		
Term Deposits	<u>11,914,900</u>	<u>5,276,080</u>
(ii) Financial Investments		
Shares-JCCUL	124,210	40,388
NCB Shares	<u>36,720</u>	<u>28,560</u>
	<u>160,930</u>	<u>68,948</u>

22. Financial Costs:

	2019	2018
	\$	\$
Bank Charges	<u>1,407,235</u>	<u>1,392,309</u>

23. Miscellaneous Income:

	2019	2018
	\$	\$
Fees and Commission	7,166,874	6,386,660
Loan Administration Fee	26,869,675	16,284,249
Internet Banking Income	37,055	15,125
ATM Fee Income	2,305,648	1,143,896
Recovered Income	671,971	1,297,976
Miscellaneous Income	-	122,407
Sale of Rule Books	72,660	69,405
Injection from JCCUL Stabilisation re Implementation of IFRS9	<u>472,979</u>	<u>716,824</u>
	<u>37,596,862</u>	<u>26,036,542</u>

24. Operating Expenses:

	2019	2018
	\$	\$
Personnel Expenses:		
Salaries & Wages	148,533,353	130,769,583
Employer's Statutory Contribution	15,424,987	13,543,971
Staff Training & Welfare	7,310,137	6,408,104
Staff Travel & Subsistence	15,018,150	10,322,911
Group Life Insurance	1,737,922	404,866
Pension	<u>5,718,768</u>	<u>6,473,986</u>
	<u>193,743,317</u>	<u>167,923,421</u>

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24. Operating Expenses (Cont'd):

	2019	2018
	\$	\$
Members Security:		
Golden Harvest Insurance	188,635	159,518
Life Saving & Loan Protection Insurance	21,064,082	18,834,227
Cumis Bond	770,107	596,345
	<u>22,022,824</u>	<u>19,590,090</u>

	2019	2018
	\$	\$
Marketing & Promotion:		
Advertising & Public Relations	4,411,856	5,008,966
Promotion	1,558,388	2,329,501
Christmas Gifts	1,163,060	1,142,608
	<u>7,133,304</u>	<u>8,481,075</u>

	2019	2018
	\$	\$
Administrative Expenses:		
Repairs & Maintenance	4,616,076	4,307,980
Depreciation	11,205,932	9,605,910
Rent	5,210,862	2,747,404
Audit Fees - Current Year	1,270,500	1,270,500
Internal Audit	608,645	866,110
Professional & Consulting Fees	4,232,682	4,225,003
Security	2,534,739	2,167,757
Stationery	3,343,855	2,368,879
Office Supplies	1,821,861	1,550,127
Insurance - Premises & Assets	1,356,337	1,359,135
Electricity	5,334,121	5,024,771
Telephone	4,907,835	4,289,683
Water Rates & Taxes	810,368	814,857
Cable Television Charges	836,467	641,876
Donations	1,917,261	1,902,309
Miscellaneous	5,566,822	595,874
	<u>55,574,363</u>	<u>43,738,175</u>

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24. Operating Expenses (Cont'd):

	2019	2018
	\$	\$
Representation & Affiliation:		
League Fees	4,836,093	4,053,497
Stabilization Dues	2,407,683	1,964,050
Annual General Meeting - League	2,339,328	1,628,890
Annual General Meeting - Members	3,092,944	6,506,355
Funeral Aid (Staff & Committee)	300,000	500,000
Travel and Subsistence - Volunteers	8,594,229	7,859,061
Meetings and Seminars - Volunteers	5,079,429	3,117,236
Members' Welfare	1,035,453	841,287
ATM Participation Fee	2,268,974	2,816,827
ATM Fee	-	629,440
	<u>29,954,133</u>	<u>29,916,643</u>
Total Operating Expenses	<u>308,427,941</u>	<u>269,649,404</u>

25. Appropriations:

	2019	2018
	\$	\$
Previous Year's Surplus:		
Education/Scholarship Reserve	1,800,000	800,000
GSAT Reserve	-	1,000,000
ATM Defrauded Provision	1,000,000	-
Donation	876,888	147,889
Dividends Paid on Permanent Shares	12,000,000	3,117,213
Disaster Relief Fund	629,936	-
Disability Fund	248,839	-
Permanent Share Reserve Transfer	1,000,000	-
Increase in Share Transfer Fund	-	1,000,000
	<u>17,555,663</u>	<u>6,065,102</u>

26. Comparison of Ledger Balances:

	Permanent Shares \$	Voluntary Shares \$	Loans \$	Savings Deposits \$
General Ledger	162,555,205	997,232,626	2,227,274,404	795,896,588
Personal Ledger	<u>162,555,204</u>	<u>997,240,626</u>	<u>2,227,346,195</u>	<u>795,925,588</u>
Differences 2019	<u>1</u>	<u>(8,000)</u>	<u>(71,791)</u>	<u>(29,000)</u>
Differences 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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27. Staff and Volunteer Balances:

These represent loans granted to members of staff, the Board of Directors, Supervisory and Credit Committees:

Number of Staff and Volunteers	68		
	\$		
Total Shares	53,585,555		
Total Loans	122,090,811		
	<u>Amount</u>	<u>Loans</u>	<u>Shares</u>
	<u>#</u>	<u>\$</u>	<u>\$</u>
Staff	49	61,744,824	26,702,753
Directors	9	34,552,460	17,454,369
Supervisory & Credit Committee	10	25,793,527	9,428,433
	<u>68</u>	<u>122,090,811</u>	<u>53,585,555</u>

No waiver was granted on the above loans. As at 31st December 2019 all loans were being repaid in accordance with the loan agreements.

28. Insurances:

(a) Fidelity Insurance Coverage

During the year, the Credit Union had fidelity insurance coverage with Cuna Mutual Insurance Company Limited. The total premium for the year was \$770,107 (2018: \$596,345).

(b) Life Savings and Loan Protection Coverage

During the year, the Credit Union had life savings and loan protection coverage with Cuna Mutual Insurance Company Limited. The total premium for the year was \$21,064,082 (2018: \$18,834,277).

(c) Premises & Assets

During the year, the Credit Union had insurance coverage in respect of premises and assets. The total premium for the year was \$1,356,337 (2018: \$1,359,135).

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29. Financial Instruments Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include investments, cash and cash equivalents and receivables. Financial liabilities have been determined to be saving deposits, external credits, payables and accruals.

The Credit Union's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Credit Union's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Credit Union regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

(a) Credit Risk

The Credit Union is exposed to credit risk, which is the risk that its members, clients or counterparts will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business; management therefore carefully manages its exposures to credit risk. Credit risk exposures arise principally from the Credit Union's loans to members, deposits with other institutions and investment securities. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single member.

There is a policy document in place which provides guidelines for the Credit Union's review process.

Credit review process

The Credit Union has a Credit Committee that operates within the guidelines established by the Board of Directors for the granting of loans. The process is managed to ensure that members' credit worthiness is carefully assessed before loans are granted. The established guidelines are also designed to protect the interest of savers by providing competitive interest rates and prompt service to borrowers. In respect of waivers of loan policies or procedures, the Credit Committee has to refer such loans to the Board of Directors before they can grant approval.

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29. Financial Instruments Risk Management (Cont'd):

(a) Credit Risk (cont'd):

(i) Loans to members

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The Board of Directors has established a credit policy under which each member is assessed individually for creditworthiness prior to the Credit Union offering them a credit facility. Loans may be granted at a maximum ratio of \$10 for each \$1 share value held by a member. One is required to be a member for at least one (1) month before becoming eligible for a loan, except in extraordinary circumstances which will be determined by the Credit Committee in collaboration with the Loans Manager.

All applications for loan must be accompanied by supporting documents, and loans are not granted to delinquent members or co-makers of delinquent members. The verification of applicants income must be carried out before the approval of loans and the Credit Union reserves the right to request additional information.

The repayment period for loans ranges from one month (1) to one hundred & eighty months (180) as follows:

	<u>Ratio</u>	<u>Type of Loan</u>	<u>Maximum Period</u>
1)	10 : 1	Consolidation Loan	96 months
2)	3 : 1	Demand Loan	24 months
3)	5 : 1	Personal Loan	180 months
4)		Easy Access Loan	36 months

Collateral

The Credit Union holds collateral against loans to members as follows:

- 1) Shares and deposits held for the respective customers.
- 2) First and second mortgage where National Housing Trust or any reputable Institution is the holder, providing they are willing to register the Interest of the Credit Union.
- 3) Bill of sale on appliances, machines and equipment (only at the time of being purchased through the Credit Union).
- 4) Bill of Sale on motorcars not exceeding ten years old.
- 5) Assignment of Ninety percent (90%) of cash surrender value of Life Insurance Policies.
- 6) Assignment of deposits with other Credit Unions.
- 7) Assignment of maximum of seventy percent (70%) of market value of bonds and government securities within prescribed list of quoted stocks.

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29. Financial Instruments Risk Management (Cont'd):

(a) Credit Risk (cont'd):

(i) Loans to members (cont'd)

Allowances for Impairment

Effective January 1, 2018, the Credit Union under IFRS 9 established an impairment framework that estimates expected credit losses in its loan portfolio. The Credit Union have a documented IFRS 9 policy in place to guide the recognition and derecognition process. Management is responsible for the reassessment of credit risk of all loans to members annually or earlier if the needs arises and determine whether there is a significant increase in the credit risk from the loan origination date to the date reporting date.

Management remedies fluctuations in the ECL through the Statement of Profit and Loss and the ECL Reserve account on a monthly basis.

Write-off policy

The Credit Union writes off loans (and any related allowances for impairment losses) when the Credit Union determines that the loans are not collectible. This determination is usually made after considering information such as changes in borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. During the year, no write offs were done.

Maximum Exposure under IFRS 9

	<u>2019</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Loans to Members before				
Expected Credit Loss	2,150,225,645	19,012,672	58,374,880	<u>2,227,613,197</u>
Expected Credit Loss	4,385,338	2,429,005	38,664,356	<u>45,478,699</u>
	<u>2018</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Loans to Members before				
Expected Credit Loss	1,960,304,236	3,055,302	33,600,753	<u>1,996,960,291</u>
Expected Credit Loss	3,406,147	3,742,605	25,124,982	<u>32,273,734</u>

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29. Financial Instruments Risk Management (Cont'd):

(a) Credit Risk (cont'd):

(ii) Savings Deposits and Investments

The Credit Union limits its exposure to credit risk by investing mainly in liquid assets. These investments are held only with counterparties that have high credit quality. The management therefore does not expect any counterparty to fail to meet its obligations.

(iii) Receivables and prepayments

Interest receivable on loans represent over eighty-five percent (85%) (2018 - 96%) of receivables and prepayments. Interest is not accrued after ninety (90) days of delinquency. The risk exposure in respect of other balances is considered low.

Exposure to credit risk

The carrying amounts of the following financial assets represent the maximum exposure to credit risk before collaterals held. At the date of the statement of financial position these balances were:

	2019	2018
	\$	\$
Loans to members, (net)	2,181,795,705	1,964,686,556
Liquid assets-earning	155,522,143	223,711,703
Financial investments	92,480,998	58,890,857
Liquid assets-non-earning	40,045,856	19,919,900
Receivables and prepayments	<u>51,020,405</u>	<u>99,780,412</u>
	<u><u>2,520,865,107</u></u>	<u><u>2,366,989,428</u></u>

There has been no change to the Credit Union's exposure to credit risk or the manner in which it manages and measures the risk.

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29. Financial Instrument Risk Management (Cont'd):

(b) Liquidity risk:

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

The Credit Union manages this risk by keeping a substantial portion of its assets in liquid form in accordance with regulatory guidelines.

The Credit Union is subject to a liquid limit by the Jamaica Co-operative Credit Union League (JCCUL) and compliance is regularly monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to savings deposits. For this purpose liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 0.73 to 1 (2018: 0.73 to 1).

There has been no change to the Credit Union's exposure to liquidity risk or the manner in which it manages and measures the risk.

Liquidity risk management process -

The Credit Union's liquid risk management process, as carried out within the Credit Union and monitored by the Board of Directors, include:

- 1) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- 2) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any foreseen interruption to cash flow.
- 3) Maintaining committed lines of credit
- 4) Optimizing cash returns on investments.
- 5) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unusual for entities to be completely matched as business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.

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29. Financial Instruments Risk Management (Cont'd):

b) Liquidity Risk (cont'd):

The following table summarises the net liquidity gap and the cumulative liquidity gap of the Credit Union analysing its assets and liabilities into their earliest possible contractual maturity categories.

NON-CURRENT ASSETS

Earning:

Loans to Members - Net of Provision
for Loan Impairment
Financial Investments

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	No Specific maturity \$	Total \$		
	-	11,131,963	20,917,963	681,575,237	1,221,325,489	246,845,053	2,181,795,705		
	-	-	-	-	-	46,207,933	46,207,933		

CURRENT ASSETS

Earning:

Liquid Assets
Financial Investments

	-	155,522,143	-	-	-	-	155,522,143		
	-	46,273,065	-	-	-	-	46,273,065		

Non-Earning:

Liquid Assets
Receivables

	40,045,856	-	-	-	-	-	40,045,856		
	44,333,761	-	-	-	-	-	44,333,761		

TOTAL ASSETS

	84,379,617	212,927,171	20,917,963	681,575,237	1,221,325,489	293,052,986	2,514,178,463		

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29. Financial Instruments Risk Management (Cont'd):

b) Liquidity Risk (cont'd):

EQUITY AND LIABILITIES

Members' Permanent Shares	-	-	-	-	-	-	Over 5 years	No Specific maturity	Total
Non-Institutional Capital	-	-	-	-	-	-	\$	\$	\$
Institutional Capital	-	-	-	-	-	-			
Total Equity									

NON-CURRENT LIABILITIES

Interest Bearing:

Savings Deposits	-	-	-	-	-	-	35,461,207	-	660,500,246
Members' Voluntary Shares	-	-	-	-	-	-	997,232,626	-	997,232,626
Members' Deferred Shares	-	-	-	-	-	-	51,578,584	-	51,578,584

CURRENT LIABILITIES

Interest Bearing:

External Credit	-	-	-	-	-	-	357,472,021	-	357,472,021
Savings Deposits	12,598,385	-	-	-	-	-	23,237,125	-	135,396,342

Non-Interest Bearing:

Payables and Accruals	-	-	-	-	-	-	-	-	60,250,333
Deferred Income	-	-	-	-	-	-	-	2,833,375	2,833,375

TOTAL CAPITAL AND LIABILITIES

	12,598,385	-	-	-	-	-	1,057,326,769	484,821,612	2,659,652,190
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TOTAL LIQUIDITY GAP

CUMULATIVE GAP

	71,781,232	212,927,171	(43,928,549)	(375,751,533)	181,266,577	(191,768,626)	(145,473,727)	(145,473,727)	-
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	71,781,232	284,708,403	240,779,855	(134,971,678)	46,294,899	(145,473,727)	-	-	-
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TOTAL ASSETS

TOTAL LIABILITIES

	119,700,312	277,327,330	54,711,304	605,738,199	1,053,773,766	255,738,517	2,366,989,428	2,366,989,428	2,366,989,428
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	11,082,123	-	57,955,090	950,634,969	1,109,086,939	365,075,635	2,493,834,756	2,493,834,756	2,493,834,756
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TOTAL LIQUIDITY GAP

	108,618,189	277,327,330	(3,243,786)	(344,896,770)	(55,313,173)	(109,337,118)	(126,845,328)	(126,845,328)	(126,845,328)
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	108,618,189	385,945,519	382,701,733	37,804,963	(17,508,210)	(126,845,328)	-	-	-
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29. Financial Instruments Risk Management (Cont'd):

(c) Market risk:

The Credit Union takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, equity prices and interest rates and will affect the Credit Union's income or value of its portfolio of financial instruments. Market risk is monitored by the General Manager who carries out extensive reviews and monitors the price movement of financial assets on the local and international markets. Market risk exposure are measured using sensitivity analysis.

There has been no change to the Credit Union's exposure to market risk or the manner in which it manages and measures the risk.

(i) Foreign Currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations.

The Credit Union is not directly exposed to foreign currency risk as at 31st December 2019 as it does not hold accounts in currencies other than Jamaican currencies.

(ii) Equity price risk

Equity price risk arises from equity securities held by the Credit Union as part of its investment portfolio. The primary goal of the Credit Union's investment strategy is to maximize returns on investments and to have an appropriate asset mix.

The Credit Union's equity securities are listed on the Jamaica Stock Exchange. There was a 32% or \$569,040 movement for the year 2019 (2018 - \$598,080 or 50%). A 10% increase or decrease in quoted bid prices at the date of the statement of financial position would result in an increase and an equal decrease respectively in equity of \$56,904 (2018 - \$59,808).

(iii) Interest rate risk

Interest rate risk is the risk that the value or the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk.

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29. Financial Instruments Risk Management (Cont'd):

(c) Market risk (cont'd):

(iii) Interest rate risk (cont'd)

At the reporting date, the interest rate profile of the Credit Union's interest-bearing financial instruments were as follows:

	<u>2019</u>		<u>2018</u>	
	Interest Rate %	\$	Interest Rate %	\$
Financial Assets				
Loans to Members after Provision	7.99 - 20	2,181,795,705	7.99 - 20	1,964,686,556
Liquid Assets - Amortised Cost				
JCCUL - Certificates of Deposits	1.05	77,536,136	1.05	75,355,706
JCCUL - CU Cash Deposits	1.05	69,509,392	1.05	140,178,589
JCCUL - CU Premium	2.4	964,744	2.4	957,169
BNS(DB&G)	0.4	1,574,124	0.4	1,568,787
JMMB	-	-	-	-
NCB Capital Market	-	-	-	-
Sagcor Investment	-	-	-	-
Money Masters Ltd	2	5,937,747	2	5,651,452
Financial Investments -				
FVOCI Securities	4.0	69,783	4.0	68,062
Amortised Cost Securities	1.9 - 2	46,273,065	1.9 - 2	45,789,951
		<u>2,383,660,696</u>		<u>2,234,256,272</u>
Financial Liabilities				
Savings Deposits	3.0 - 8.0	795,896,588	3.0 - 8.0	663,754,987
External Credits	10.75 - 13.0	357,472,021	10.75 - 13.0	442,418,387
		<u>1,153,368,609</u>		<u>1,106,173,374</u>
		<u>1,230,292,087</u>		<u>1,128,082,898</u>

Sensitivity Analysis - Interest rate sensitivity

	<u>2019</u>	<u>2018</u>
Change in basis points	-100	-100
	+100	+100

The disclosures provided in this note are based on the Credit Union's investment portfolio as at 31st December 2019.

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29. Financial Instruments Risk Management (Cont'd):

(c) Market risk (cont'd):

(iii) Interest rate risk (cont'd)

Assuming interest rate movements as set out below these would affect surplus and equity as follows:

	<u>2019</u>		<u>2018</u>	
	Interest Rate	\$	Interest Rate	\$
	<u>%</u>		<u>%</u>	
Financial Assets				
Loans to Members after Provision	-	-	-	-
Liquid Assets - Amortised Cost				
JCCUL - Certificates of Deposits	-0.8	(620,289)	-0.8	(602,846)
JCCUL - CU Cash Deposits	-1.25	(868,867)	-1.25	(1,752,232)
JCCUL - CU Premium	-1.45	(13,989)	-1.45	(13,879)
BNS(DB&G)	-0.575	(9,051)	-0.575	(9,021)
JMMB	-	-	-	-
NCB Capital Market	-	-	-	-
Sagikor Investment	-	-	-	-
Money Masters Ltd	4.6	273,136	4.6	259,967
Financial Investments -				
FVOCI Securities	-3.2	(2,233)	-3.2	(2,178)
Amortised Cost Securities	1.95	902,325	1.95	892,904
		(338,968)		(1,227,285)
Financial Liabilities				
Savings Deposits	-6	(47,753,795)	-6	(39,825,299)
		(47,753,795)		(39,825,299)
		<u>47,414,827</u>		<u>38,598,015</u>

This analysis assumes that all other variables, in particular exchange rates, remain constant.

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29. Financial Instruments Risk Management (Cont'd):

(c) Market risk (cont'd):

(iii) Interest rate risk (cont'd)

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed principally through monitoring interest rate gaps and by setting pre-approved gap ratios. The Asset and Liability Management Committee has oversight responsibility for the management and monitoring of interest rate risk and reports frequently to the Board of Directors on its strategies and position.

The following table summarises the interest rate gap and the cumulative interest rate gap of the Credit Union analysing its assets and liabilities into periodical interest rate movements.

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-rate sensitive \$	Total \$
<u>NON-CURRENT ASSETS</u>							
Earning:							
Loans to Members - Net of Provision for Loan Impairment	-	11,131,963	20,917,963	681,575,237	1,221,325,489	246,845,053	2,181,795,705
Financial Investments	-	-	-	-	46,207,933	-	46,207,933
<u>CURRENT ASSETS</u>							
Earning:							
Liquid Assets	155,522,143						155,522,143
Financial Investments	-	46,273,065					46,273,065
Non-Earning:							
Liquid Assets	-	-	-	-	-	40,045,856	40,045,856
Receivables	-	-	-	-	-	44,333,761	44,333,761
TOTAL ASSETS	<u>155,522,143</u>	<u>57,405,028</u>	<u>20,917,963</u>	<u>681,575,237</u>	<u>1,267,533,422</u>	<u>331,224,670</u>	<u>2,514,178,463</u>

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29. Financial Instruments Risk Management (Cont'd):

(c) Market risk (cont'd):

(iii) Interest rate risk (cont'd)

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	No Specific maturity \$	Total \$
<u>EQUITY AND LIABILITIES</u>							
Members' Permanent Shares	-	-	-	-	-	162,555,205	162,555,205
Non-Institutional Capital	-	-	-	-	-	122,573,110	122,573,110
Institutional Capital	-	-	-	-	-	109,260,348	109,260,348
Total Equity							
<u>NON-CURRENT LIABILITIES</u>							
Interest Bearing:							
Savings Deposits	-	-	-	625,039,039	35,461,207	-	660,500,246
Members' Voluntary Shares	-	-	997,232,626	-	-	-	997,232,626
Members' Deferred Shares	-	-	-	51,578,584	-	-	51,578,584
<u>CURRENT LIABILITIES</u>							
Interest Bearing:							
External Credit	-	-	357,472,021	-	-	-	357,472,021
Savings Deposits	12,598,385	-	4,596,179	23,237,125	7,365,079	87,599,575	135,396,342
Non-Interest Bearing:							
Payables and Accruals	-	-	-	-	-	60,250,333	60,250,333
Deferred Income	-	-	-	-	-	2,833,375	2,833,375
TOTAL CAPITAL AND LIABILITIES	<u>12,598,385</u>	<u>-</u>	<u>1,359,300,826</u>	<u>699,854,748</u>	<u>42,826,286</u>	<u>545,071,945</u>	<u>2,659,652,190</u>
TOTAL LIQUIDITY GAP	<u>142,923,758</u>	<u>57,405,028</u>	<u>(1,338,382,863)</u>	<u>(18,279,512)</u>	<u>1,224,707,137</u>	<u>(213,847,275)</u>	<u>(145,473,727)</u>
CUMULATIVE GAP	<u>142,923,758</u>	<u>200,328,786</u>	<u>(1,138,054,077)</u>	<u>(1,156,333,588)</u>	<u>68,373,548</u>	<u>(145,473,727)</u>	<u>-</u>
2018							
TOTAL ASSETS	223,711,703	45,789,951	1,964,686,556	-	13,100,906	119,700,312	2,366,989,428
TOTAL LIABILITIES	<u>-</u>	<u>27,285,107</u>	<u>1,841,687,328</u>	<u>31,957,549</u>	<u>-</u>	<u>592,904,772</u>	<u>2,493,834,756</u>
TOTAL LIQUIDITY GAP	<u>223,711,703</u>	<u>18,504,844</u>	<u>122,999,228</u>	<u>(31,957,549)</u>	<u>13,100,906</u>	<u>(473,204,460)</u>	<u>(126,845,328)</u>
CUMULATIVE GAP	<u>223,711,703</u>	<u>242,216,547</u>	<u>365,215,775</u>	<u>333,258,226</u>	<u>346,359,132</u>	<u>(126,845,328)</u>	<u>-</u>

29. Financial Instruments Risk Management (Cont'd):

(c) Market risk (cont'd):

(iv) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to Senior Management. This responsibility is supported by overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentations of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by the Credit Union's Regulatory Body. The results of these are discussed with the Credit Union's Management and Board of Directors.

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29. Financial Instrument Risk Management (Cont'd):

(d) Fair Value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The following table provides an analysis of financial instruments held as at 31st December 2019 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- . Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- . Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>Fair Value through Other Comprehensive Income</u>				
Unquoted Investments at Fair Value	-	4,319,021	-	4,319,021
Quoted Investments at Fair Value	2,359,680	-	-	2,359,680
	<u>2,359,680</u>	<u>4,319,021</u>	<u>-</u>	<u>6,678,701</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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29. Financial Instrument Risk Management (Cont'd):

(d) Fair Value (cont'd):

Many of the Credit Union's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

The fair values of cash resources, other assets, other liabilities, are assumed to approximate their carrying values due to their short-term nature.

The fair value of the quoted equities is determined based on their quoted bid price at the date of the statement of financial position. The fair value of other securities is estimated by discounting the future cash flows of the securities at the estimated yields at the date of the statement of financial position for similar securities. The estimated fair values of loans to members are assumed to be the principal receivable less any allowance for loan losses.

The fair value of external credits, deposits payable on demand or after notice, and deposits with a variable or floating rate payable on a fixed date are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits payable within a year are assumed to approximate their carrying values, due to their short-term nature.

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial Assets:				
<u>Earning</u>				
Loans to Members	2,181,795,705	2,181,795,705	1,964,686,556	1,964,686,556
Financial Investments	92,480,998	92,480,998	58,890,857	58,890,857
Liquid Assets	155,522,143	155,522,143	223,711,703	223,711,703
<u>Non-Earning</u>				
Liquid Assets	40,045,856	40,045,856	19,919,900	19,919,900
Receivables & Prepayments	51,020,405	51,020,405	99,780,412	99,780,412

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29. Financial Instrument Risk Management (Cont'd):

(d) Fair Value (cont'd):

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial Liabilities:				
<u>Interest Bearing</u>				
Savings Deposits	795,896,588	795,896,588	663,754,987	663,754,987
Members' Voluntary Shares	997,232,626	997,232,626	941,367,094	941,367,094
Members' Deferred Shares	51,578,584	51,578,584	31,957,549	31,957,549
External Credit	357,472,021	357,472,021	442,418,387	442,418,387
<u>Non - Interest Bearing</u>				
Payables & Accruals	<u>60,250,333</u>	<u>60,250,333</u>	<u>54,393,785</u>	<u>54,393,785</u>

30. Subsequent Event

The Public Sector Employees Co-operative Credit Union (PSECCU) is still assessing the effects of the COVID-19 Pandemic. PSECCU believes there will be some impact on its Financial position for the year ended December 31, 2020; although the impact could be material PSECCU is confident it will remain a going concern as the effects of the COVID-19 Pandemic is not expected to be significant enough to result in a loss position or effect on its viability.

PSECCU is anticipating an increase in loan demand by as much as eight percentage points as some of its' members may have lost or had their secondary revenue streams affected, and will therefore need additional funds to support them until their secondary source of income is reinstated. It is anticipated that the loan portfolio will perform above expectations for the year ending December 31, 2020. It is not expected that the Government will be conducting wide scale layoffs or termination of staff during the crisis especially for the employees that are in essential services, hence not anticipating reduction in loan repayments.

As a direct result of COVID-19, PSECCU is anticipating an increase in members withdrawal which could result in a reduction in the projected savings balances and an increase in cash outflow during the year. This will create a budget shortfall affecting the liquidity. However, the strategy to address this issue will be to secure funding of up to two hundred million dollars line of credit.

From our current assessment, we have estimated losses in the region of twenty-five to thirty percent of investments with Barita and National Commercial Bank. The loss could result in us making a provision between ten to fifteen million dollars. Notwithstanding this, PSECCU outlook is an expectation that it will remain profitable over the period despite the possible need for additional provisions for increased investment losses. In its worse case scenario PSECCU is anticipating a reduction in profit of between forty to fifty percent.

RESOLUTION

DISTRIBUTION OF SURPLUS

Your Board of Directors recommends for your approval the appropriation of the undistributed surplus of Twenty Seven Million Four Hundred and Eleven Thousand Four Hundred and Fifteen Dollars (JA\$27,411,415.00) to be apportioned as follows:

DETAIL	AMOUNT (\$)
Dividend (on Permanent Shares)	\$16 255 520.50
Permanent Share Transfer Fund	\$ 1 000 000.00
Disaster Relief Provision	\$ 414 852.62
Disability Assistance Fund	\$ 117 999.76
PEP Grant	\$ 1 000 000.00
Honoraria	\$ 4 500 000.00
Memorial Scholarship	\$ 800 000.00
Donations	\$ 323 042.12
Annual General Meeting Reserve	\$ 3 000 000.00
Total	\$27 411 415.00

In keeping with Rule 69, your Board of Directors proposed that the maximum liability for the loans that the Board of Directors may borrow is to be set at 16 times the Society's capital and reserve funds.



CHRISTOPHER MURDOCK
TREASURER

CREDIT COMMITTEE REPORT



Michael Farquharson
Chairman



Carlene Allen
Secretary



Patsie Wallen-Lindsay
Member



Anthony Lewis
Member



Steven Watson
Member

REPORT OF THE CREDIT COMMITTEE FOR YEAR ENDING 2019

The Credit Committee is a voluntary body consisting of five (5) members elected by the general membership. The role of the Committee is to examine and approve loans above shares application and ratify loans approved by the Credit Administration Manager.

The Committee meets on average twice per month; however, unscheduled meetings are held when the need arises. The Committee also attends joint meetings held on a quarterly basis with the Board of Directors and Supervisory Committee.

The following members who were retired and made themselves available for nomination, are Messer Michael Farquharson and Steven Watson. At our last Annual General meeting held on Saturday, August 10, 2019 at the Jamaica Conference Centre, Port Royal Street, Kingston they were selected and return to serve for two (2) years.

On Monday, August 12, 2019 a special meeting was held by the Committee to elect the Chairman and Secretary. Mr. Michael Farquharson was elected Chairman and Mrs. Carlene Allen Secretary.

CREDIT COMMITTEE REPORT

YEAR IN REVIEW

During the year saw improvement on the following loans.

Quick 'n' Eezee	100,000 to 200,00	12mths to 18mths	
Payday	50,000 to 100,000	6mths to 12mths	
Demand	---	18mths to 24mths	
Super Consolidation	2.5m to 3m	84mths to 96mths	

The Committee ensured that all loans met the required standards for approval in accordance with the Credit Unions rules, regulation, and policies

ATTENDANCE REPORT JANUARY – DECEMBER 2019

For the year under review a total of twenty-seven (27) meetings were held.

Names	Scheduled Meetings	Present	Excused	Absent
Michael Farquharson, Chairman	27	27	Nil	Nil
Carlene Allen, secretary	27	26	1	Nil
Patsie Wallen-Lindsay, member	27	24	3	Nil
Anthony Lewis, member	27	23	4	Nil
Steven Watson, member	27	26	1	Nil

ACKNOWLEDGEMENT

We take this opportunity to thank you our membership for your vote of confidence in selecting us to serve you during 2019 and look forward for continuing service to you. Thanks also to the Board of Directors, staff, and other Committees, for your support during 2019 and we look forward to your support going forth.


Michael Farquharson
Chairman


Carlene Allen
Secretary

SUPERVISORY COMMITTEE REPORT



Nigel Davis
Chairman



Juniffer Dixon-Gordon
Secretary



Omar Drysdale
Member



Julian Oscar
Member






Sancha Miller-McPherson
Member



REPORT OF THE SUPERVISORY COMMITTEE FOR YEAR ENDING 2019

It is my esteem pleasure to present the Supervisory Committee's annual report for the year ending 2019, as we celebrate 52 years of distinguished service to the public sector workers and their family. The Public Sector Employee Co-operative Credit Union (PSECCU) has grown and developed in so many ways since its establishment in 1968. In so doing, it has positively impacted the lives and livelihood of many. Today, it represents the premier financial institution with SERVICE being its core value, and its 'members' financial security matters most'.

The Committee's role is to maintain oversight of the safety and soundness of the Credit Union. Today we remain very committed to this task. Operating independently of all entities of the Credit Union, we are dedicated with the constant effort of ensuring that the Board, the staff, all policies, practices, and procedures are compliant with applicable laws and regulations. We are mandated to ensure that the Credit Union constantly seeks to maximize benefit to members, and that the overall operations are in keeping with local and international best practices within the movement.

At the 51st Annual General Meeting held on August 10, 2019, the following members were duly elected and served on the Supervisory Committee in the following capacities.

-  Nigel Davis – Chairman
-  Juniffer Dixon – Gordon – Secretary
-  Sancha Miller – McPherson – Member

-  Omar Drysdale – Member
-  Julian Oscar – Member

SUPERVISORY COMMITTEE REPORT

Attendance Record

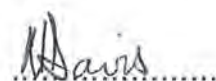
Names	Scheduled Meetings	Present	Excused	Absent
Nigel Davis	12	9	3	Nil
Juniffer Dixon- Gordon	12	11	1	Nil
Omar Drysdale	12	9	3	Nil
Julian Oscar	12	11	1	Nil
Sancha Miller-McPherson	12	11	1	Nil

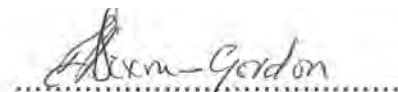
The Internal Auditor and the Supervisory Committee conducted audits and reviews on various areas of the operation and subsequent monthly reports sent to the Board of Directors and Management. These include:

- ✚ Delinquent Loans/Charged-off Loans & Allowance for Loan Loss
- ✚ Anti-Money Laundering (AML) /Countering of Terrorism Financing (CTF) Framework
- ✚ Disbursement Process
- ✚ Board of Director's Minutes
- ✚ Lodgment Process
- ✚ Loans verification
- ✚ Performance Appraisal
- ✚ Surprise Cash Count

There was general adherence to established policies and procedures. Compliance with the related laws and regulations that govern the Credit Union's operations were adequate. We were able to make recommendations, implementation of which resulted in improvements in the control environment, thus reducing the risk of loss to the organization. The Supervisory Committee reviewed the results and periodically checked with Management on any action items identified in the report. The Supervisory Committee can say with complete confidence that the Credit Union continues to maintain a high level of financial safety and soundness. We will remain vigilant representatives of our members' interests, ensuring continued safety and soundness for your money as the Credit Union strives to provide you and your family with excellent member service.

We wish to record our warmest and sincere thanks to the Board of Directors, Management, Internal Auditors and Staff for their courtesy and co-operation throughout the year. We recognize the hard work undertaken by all to maintain and improve the support and services provided by the Credit Union to its members.

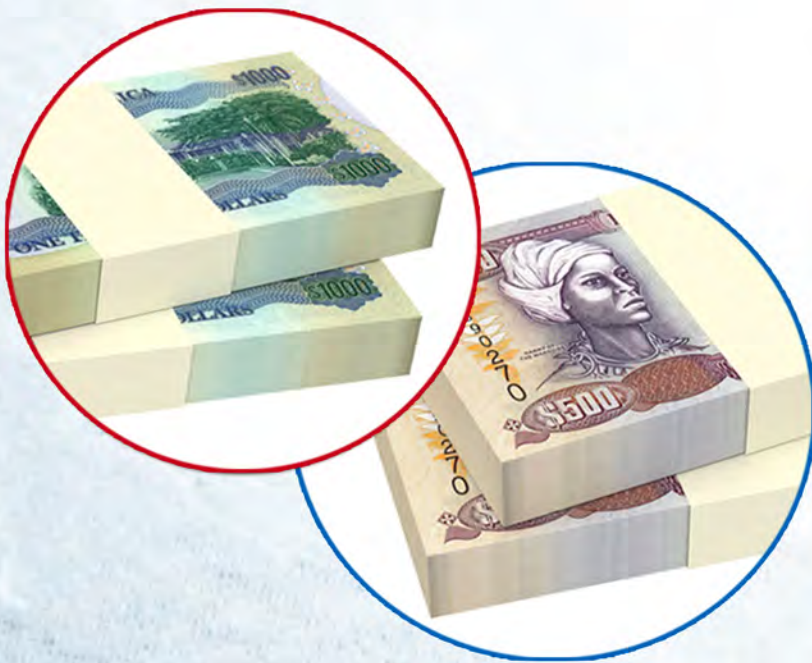

Nigel Davis
Chairman


Juniffer Dixon-Gordon
Secretary

"Pick Yuh Draw"

with our

ABC PARTNER PLAN



DID YOU KNOW?

- Our ABC Partner Plan can pay out your draw after just two months.
- You are eligible for a maximum of 3 different plans at any one time.
- The ABC Partner Plan lasts for a period of 12 months.

PLAN A

\$5,000 monthly

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PLAN B

\$10,000 monthly

PLAN C

\$20,000 monthly

Report of the Nominating Committee to the 52nd Annual General Meeting

In accordance with Rule 64 governing the operations of the Public Sector Employees Co-operation Credit Union Limited, not less than ninety (90) days prior to each Annual General Meeting, the Board of Directors shall appoint a Nomination Committee of three members, of which not more than one may be a member of the existing Board of Directors. It shall be the duty of the Nomination Committee to nominate at the vacancy for which elections are being held.

The Nomination Committee was appointed by the Board of Directors at its meeting held on February 13, 2020 and in keeping with Rule 64, the Committee comprised of the persons named below:

1. Mr. Andrew Johnson – Chairman (Board of Director)
2. Mr. Michael Farquharson - (Credit Committee)
3. Mrs. Tamara Maxwell Green - Deputy CEO (Finance & Admin.)

In performing its task, the Committee was guided by the Rule 64 (a) to (f):

The Board of Directors current status is as follows:

Board of Directors Retiring at 2020 Annual General Meeting are:	Board of Directors Retiring at 2021 Annual General Meeting:
Calvin Allen	George Hunter
Jeanette Davis	Christopher Murdock
Dacy-Ann Graham	Errol Adams
Eric Wint	Andrew Johnson
Courtney Faulknor	

The Nomination Committee recommends that the Board of Directors below be elected to serve for the term of two (2) years:

Nominees for Board of Directors to serve for 2 years:
Calvin Allen
Jeanette Davis
Dacy-Ann Graham
Eric Wint
Courtney Faulknor

Report of the Nominating Committee to the 52nd Annual General Meeting

The Credit Committee current status is as follows:

Credit Committee Retiring at 2020 Annual General Meeting are:	Credit Committee Retiring at 2021 Annual General Meeting
Carlene Allen	Michael Farquharson
Patsie Wallen-Lindsay	Steven Watson
Anthony Lewis	

The Nomination Committee recommends that the Credit Committee members below be elected to serve for the term of two (2) years:

Credit Committees Members recommended
Carlene Allen
Patsie Wallen-Lindsay
Anthony Lewis

The Supervisory Committee is elected to serve for a period of one year and all members will retire at this Annual General Meeting. However, based on nominations received and subsequent to assessment, the Committee has put forward the following nominees for election by the membership to fill five (5) vacancies on the Supervisory Committee to serve for the term of one (1) year:

Nominees for Supervisory Committee to serve for 1 year:
Nigel Davis
Juniffer Dixon-Gordon
Omar Drysdale
Julian Oscar
Sancha Miller-McPherson
Jason Rodriques

Report of the Nominating Committee to the 52nd Annual General Meeting

PROFILES OF CANDIDATES

BOARD OF DIRECTORS

1. **Jeanette Davis:**

Ms. Jeanette Davis is a Deputy Superintendent of Police, serving the Jamaica Constabulary Force for thirty (30) years. Ms. Davis has been a voluntary staff member at the Public Sector Credit Union for over 20 years, serving in various capacities to include General Manager in charge of operations. She has also served as a member and as President of the Board of Directors since 2014 and 2019 respectively. Ms. Davis holds an Associate Degree in Business Administration and a BSc in Human Resource Management from the University of the West Indies.

2. **Calvin Allen:**

Mr. Allen is an Assistant Commissioner of Police, serving the Jamaica Constabulary Force for thirty-three (33) years. He has been a member of the Credit Union since 1988 and has served on as a Credit Committee member for six years and as a Board of Directors for over eleven (11) years and has held the position of President and Vice President. Mr. Allen holds a MSc. Degree in National Security & Strategic Studies from the University of the West Indies.

3. **Dacy-Ann Graham:**

Ms. Dacy-Ann Graham is a Deputy Superintendent of Police, serving the Jamaica Constabulary Force with assigned duties at the St. Andrew North Division as the Administration Officer. She has served on the Board as Assistant Secretary for the past six (6) years and has been a member of the Credit Union since 2008. Ms. Graham holds a BSc Degree in Economics and Management Studies and a MSc Degree in Human Resource Development from the University of the West Indies.

4. **Eric Wint:**

A Deputy Superintendent of Police, serving the force for thirty-five (35) years. Mr. Wint has served as a Board of Director at the Public Sector Credit Union for over twelve (12) years and has been a member of the Credit Union for over thirty (30) years. He has a Police Certificate in Administration, Certificate in Command Course, and a Certificate in Vital Infrastructure Security Course. Mr. Wint has other Certificates in Proceeds of Crime Act, Risk Management and Microsoft word-Customer Service.

5. **Rev. Dr. Courtney Faulknor, JP:**

Rev. Dr. Courtney Faulknor JP., pc is an Assistant Chaplain and holds the honorary rank of a Superintendent of Police in the Jamaica Constabulary Force since 1999, where he caters to the spiritual and psychological well-being of the sworn and unsworn members. He has been serving the Public Sector Employees Co-operative Credit Union since 2012 and served as Secretary and Assistant Secretary. He is a Justice of the Peace for the parish of St. Andrew and holds a Doctorate in Transformational Leadership with Emphasis in Organizational Transformation, from the Bakke Graduate University, Dallas, USA , Master of Arts (Hons) degree in Counseling Psychology from the Caribbean Graduate School of Theology and a Bachelor of Arts in Theology from the Jamaica Theological Seminary.

Report of the Nominating Committee to the 52nd Annual General Meeting

CREDIT COMMITTEE

1. **Anthony Lewis:**

Mr. Anthony Lewis is a Deputy Superintendent of Police and has been a volunteer of the Credit Union for the past 27 years and served in various capacity as a Delinquency officer, Risk Manager and Mandeville Branch Manager. Mr. Lewis has served as a member of the Credit Committee. He holds Diploma in Paralegal Studies, Certificate in Supervisory and Financial and Delinquency Management.

2. **Patsie Wallen-Lindsay:**

Mrs. Wallen-Lindsay is an Assistant Superintendent of Police and has been employed to the Jamaica Constabulary Force since May 24, 1990. She has been a member of the Public Sector Employees Co-operative Credit Union since 1990 and has served on the Credit Committee. She holds a Police Certificate in Administration, Certificates in Junior Management, Proceeds of Crime Act, Risk Management, Microsoft word-Customer Service.

3. **Carlene Allen:**

Mrs. Allen is a serving member of the Jamaica Constabulary Force for over 25 years. Mrs. Allen served at the Credit Union for over 17 years and she has served the Credit Committee for the past 6 years. She holds Associate Degree in Business Administration and a Certificate in Supervisory Management.

SUPERVISORY COMMITTEE

1. **Sancha Miller-McPherson:**

Mrs. Miller-McPherson is employed to the Jamaica Constabulary Force (JCF) for over 15 years and has served as a Supervisory Committee member at the Public Sector Employees Co-operative Credit Union since 2006. She holds Certificates in Supervisory Management, Credit Risk Assessment and Proceeds of Crime Act.

2. **Nigel Davis:**

Mr. Davis is a member of the Jamaica Constabulary Force for over nineteen (19) years and is a classroom instructor at the National Police College of Jamaica (NPCJ). He has been a member of the Public Sector Employees Co-operative Credit Union since 2001 and served as a volunteer on the Supervisory Committee as a member, Secretary and Chairman. Mr. Davis holds Associate Degree in Criminal Justice – JCSC, Certificates in Credit Risk Assessment, Audit Techniques for Supervisory Committee and Proceeds of Crime Act.

3. **Juniffer Dixon-Gordon:**

Mrs. Dixon-Gordon is a Sergeant of Police with nineteen (19) years of service in the Jamaica Constabulary Force and is currently assigned to the Personnel Division. She has been a member of the Supervisory Committee since 2005. She holds Certificates in Supervisory Management, Desktop Graphics, Proceeds of Crime Act, Credit Risk Assessment, Audit Techniques for Internal Auditors & Supervisory Committee.

Report of the Nominating Committee to the 52nd Annual General Meeting

4. **Omar Drysdale:**

Mr. Drysdale has been employed to the Jamaica Constabulary Force for the past twelve (12) years and is currently stationed at Kingston Central Police Station. Mr. Drysdale has served on the Supervisory Committee for the past six (6) years in various capacities such as member, Secretary and Chairman. He has also performed duties as a Loans Clerk for over three (3) years at the Public Sector Employees Co-operative Credit Union. He holds a Certificates in Customer Relation, Proceeds of Crime Act and Corporal Development Course.

5. **Julian Oscar:**

Ms. Oscar is a Corporal of Police, attached to the Kingston & St. Andrew Parish Court. She was a former staff of the Public Sector Employees Co-operative Credit Union and has served on the Supervisory Committee for over five (5) years. She holds Certificates in Credit Administration, Proceeds of Crime Act, Anti-money Laundering Act and Customer Service.

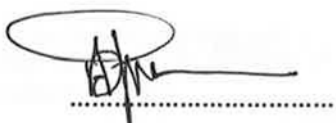
6. **Jason Rodriques:**

Mr. Rodriques is a Sergeant of Police attached to the Denham Town Police Station, sub-officer in charge of Operations since 2017. Mr. Rodriques has been a member of the Jamaica Constabulary Force for over 17 years. He holds a Bachelor of Science Degree in Business Administration with Major in Accounting and Financial Management from University College of the Caribbean. Mr. Rodriques has been a member of the Credit Union since 2003.

DELEGATES

The Nominating Committee recommends that the Board of Directors be authorized to appoint the Delegates and Alternate Delegates to represent the Credit Union where such representation is required.

The Nomination Committee is most grateful to have served in this capacity.

A handwritten signature in black ink, appearing to be 'A. Johnson', written over a horizontal dotted line.

Mr. Andrew Johnson
Chairman

OBITUARY

The Board of Directors, Management and Staff of the Public Sector Employees Co-operative Credit Union Limited would like to offer condolence to the families of the following deceased members:

NAME	DATE OF DEATH
Michael Pinnock	February 21, 2019
Rohan Williams	April 28, 2019
Maulean Hamilton-Williams	July 28, 2019
Joseph Donaldson	September 12, 2019
Roger Kelly	September 27, 2019
Stephen Carridice	November 21, 2019
Lloyd Stewart	March 4, 2019
Leroy Francis	December 17, 2019
Marjorie Murdock-Carr	July 27, 2019
Clement Dawkins	June 23, 2019
Sylvan Thomas	October 8, 2019
Franklyn Ebanks	August 1, 2019

Notes

Notes

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There is no handwriting or other markings on the paper.

ARE YOUR FAMILY MEMBERS INSURED?

THE FAMILY INDEMNITY PLAN (FIP) NOW WITH PLAN G!

- One monthly premium covers casualty expenses for you and up to five (5) eligible family members.
- No medical required.
- You are eligible to receive full individual benefit (per person) where valid claims are made.
- You get lifetime insurance coverage once you enroll before age 76.

*conditions apply

REGISTER WITH
US TODAY!



	Monthly Premium	Individual Benefits
PLAN A	\$ 422.40	\$ 80,000.00
PLAN B	\$ 633.60	\$ 120,000.00
PLAN C	\$ 792.00	\$ 150,000.00
PLAN D	\$ 1,320.00	\$ 250,000.00
PLAN E	\$ 2,112.00	\$ 400,000.00
PLAN F	\$ 3,432.00	\$ 650,000.00
PLAN G	\$5,280.00	\$ 1,000,000.00



**PUBLIC SECTOR EMPLOYEES
CO-OPERATIVE CREDIT UNION LIMITED**