



Public Sector EMPLOYEES

Co-operative Credit Union Limited

'Where your financial security matters most'

PSECCU Year 2020 Annual Report
CELEBRATING 53 YEARS OF SERVICE

2020

ANNUAL REPORT



Public Sector
EMPLOYEES
Co-operative Credit Union Limited

'Where your financial security matters most'

TAKE ADVANTAGE OF HIGH RETURNS WITH OUR

**SPECIAL
DEPOSIT**
UNBEATABLE

8%
interest
per annum

7%
Golden
Harvest
interest
per annum



6%
DEFERRED
SHARES
interest
per annum

SAVINGS AND INVESTMENT PLAN

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

53RD ANNUAL GENERAL MEETING

of the

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

will be held on

FRIDAY, DECEMBER 10, 2021

HYBRID

Registration link: <https://tinyurl.com/PSECCU>

Commencing at 10:00 a.m.

DRESS CODE: BUSINESS CASUAL

Errol Adams
Secretary

Vision Statement

Mission Statement

Value Statement



**Public Sector
EMPLOYEES**
Co-operative Credit Union Limited

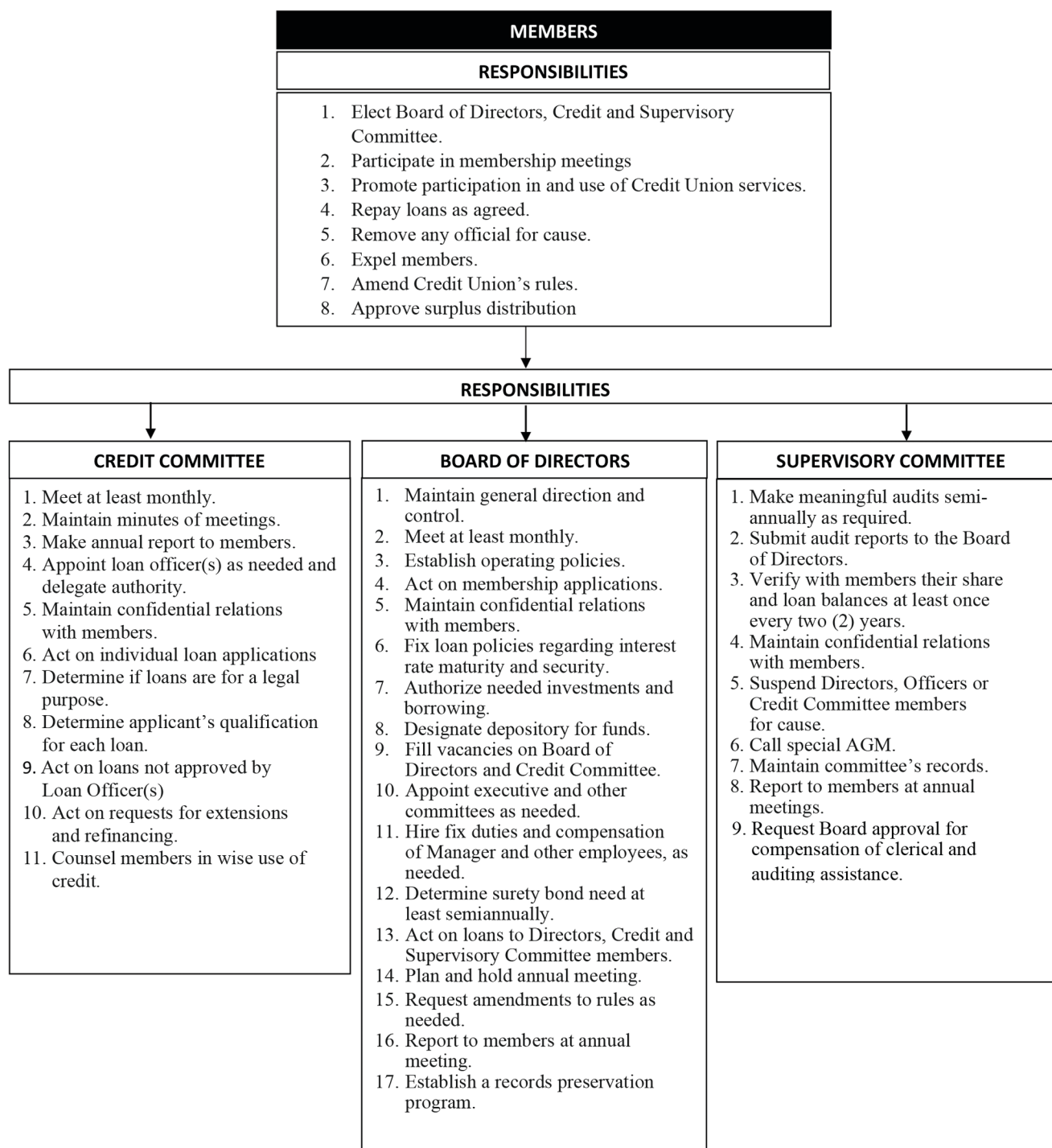
"Where your financial security matters most"

To become the financial institution of choice for our members.

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.
- 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.

Credit Union Organizational Chart Members and Elected Committees



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 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

- 7 -

Parliamentary Rules

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. 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.

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**MINUTES OF THE 52ND ANNUAL GENERAL MEETING OF THE
PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
HELD ON FRIDAY OCTOBER 16, 2020
AT THE JAMAICA PEGASUS HOTEL,
81 KNUTSFORD BOULEVARD, KINGSTON 5.**

Present at the Head Table were:

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

CALLED TO ORDER

The Chairperson, Miss Jeanette Davis (President) having been advised by the Assistant Secretary that a quorum was in place, proceeded to call the 52nd Annual General Meeting of the Public Sector Employees Co-operative Credit Union to order and invited the Assistant Secretary to read the notice that convened the meeting.

DEVOTION AND TRIBUTE

The Chairperson 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 persons who had passed.

Seated and duly recognized were: -

Credit Committee

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

Supervisory Committee

Mr. Omar Drysdale - *Member*, Mrs. Sancha Miller McPherson – *Member*, and Miss Julian Oscar – *Member*.

APOLOGIES FOR ABSENCE

Apologies for absence were tendered for the following persons:

From the Board:

- Mr. Errol Adams, Secretary, who was down with COVID-19.

From the Credit Committee:

- Mr. Michael Farquharson, Chairman, who was ill.

From the Supervisory Committee:

- Mr. Nigel Davis, Chairman, who was sick.
- Mrs. Juniffer Dixon-Gordon, Secretary, who was on leave abroad.

WELCOME AND OPENING REMARKS

The Chairperson extended warm welcome to everyone present at the 52nd Annual General Meeting. She stated that it was an event the members looked forward to and they must have been curious as to what was happening when July, August, and September passed and there was no word on the AGM. She mentioned that the delay was as a result of the COVID 19 pandemic and the challenges it presented. She expressed thanks to the Government of Jamaica, the Registrar of Co-operatives and Friendly Societies as well as the Ministry of Health and Wellness who had to, in one way or the other, give clearance for the meeting to be held.

She mentioned that it was Credit Union week and normally it would have been Members' Appreciation Day at the Credit Union. She opined that it was a good day to be in each other's company and implored everyone to enjoy the dual event of both Members' Appreciation Day and the Annual General Meeting.

The Chairperson extended special welcome to some key guests who were visiting from other credit unions and other affiliate entities

as well as some stalwarts from the former ISCF and our own Credit Union. She mentioned: Miss Katrina D'Aguilar from the Jamaica Co-operative Credit Union League; Miss Nadia Byfield from the Department of Co-operatives and Friendly Societies; Mr. Richard Dunn and Miss Simone Powell representing the auditing firm Crowe Horwath; Mr. Carl Bryan our stenographer; Mrs. Daphne McCaulsky-Johnson, former General Manager; Mr. Maurice Channer, Mr. Christopher Hurst and Miss Ilene McKenzie. The Chairperson paused at that point to mention that the meeting was being streamed live and extended welcome to the online viewers.

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

The Chairperson invited the Assistant Secretary, Miss Dacy-Ann Graham to lead that segment of the proceedings. Miss Graham informed the meeting of the pages on which the Minutes could be found and invited a motion for them to be taken as read. A motion was so moved by Miss Verona Seymour seconded by Mr. Jason Rodriques.

CORRECTIONS AND CONFIRMATION

No corrections or omissions were identified in the Minutes; they were then confirmed on a motion by Mr. Christopher Murdock seconded by Miss Ilene McKenzie.

MATTERS ARISING FROM MINUTES

No matter for discussion arose from the Minutes.

Before continuing, the Chairperson commented on the good quality of the Minutes and recognized to rousing applause, the efforts of the Secretary who produced quality Minutes year after year. She wanted the Secretary; Mr. Errol Adams who she knew was listening, to know how grateful they were to have one of the finest writers at the Credit Union and on the Board of Directors.

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

The report of the Board of Directors was delivered by the Chairperson. She highlighted that it was another successful year of operation for the Public Sector Employees Co-operative Credit Union, realizing growth of **6.6%** in Total Assets. The success, she reported, was as a result of careful fiscal steering and hands-on activities in a dynamic economic environment with satisfying the members' financial needs being the main objective. The 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

high values of integrity, financial prudence, transparency, and strict conformity with statutory regulations.

The National Economy

The Chairperson reflected on 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.

She stated that the Jamaican economy continued to grow albeit at a slow pace of 0.9% for 2019. Growth was due mainly to higher external demand in the tourism sector supported by increased domestic demand for higher levels of employment and improved macroeconomic stability underpinned by strong fiscal discipline. Other highlights from the performance of the National Economy included:

- The successful end of the Jamaica's Economic Reform Program with the IMF.
- The realization of a 50 basis points drop in debt to GDP to 94% since the start of the Extended Fund Facility.
- The unemployment rate falling to a record low of 17.9%
- The upgrading of Jamaica's credit rating by both Standard & Poor's and Moody's from B to B+ and from B3 to B2 respectively. Both agencies cited the government's strong fiscal discipline and improved macroeconomic stability as key factors influencing the upgrades.

The Credit Union Movement's Performance

The Chairperson reported that although the Credit Union Movement saw increases in its

savings, loans and asset portfolios during 2019, the percentage growth in both savings and assets decreased below the growth rate seen in 2018. There was also a decline in membership suggesting that there was a need for retention strategies. The year ended with 25 credit unions in the movement compared to 26 at the end of 2018. The decline was as a result of the decision of one credit union to transition to a Thrift Society.

Credit Unions' Growth

Continuing her report, the Chairperson said that the actual areas of growth in the movement were: Total Savings by 7.91% from \$89.3B in 2018 to \$96.3B in 2019, the value of loans increased from \$78.8B to \$88.7B an increase of 12.5% over 2018. Total Assets increased by 8.6% to \$123.9B up from \$114.2B. On the other hand, credit unions' membership declined in 2019 to 1,006,557 from the 1,021,267 recorded in 2018. All 25 credit unions realized growth in 2019 with 16 realizing double digit growth and 4 realizing growth above 16.5% which was the average growth in personal loans witnessed by commercial banks, building societies and merchant banks. Additionally, all 25 credit unions saw increases in Total Assets for 2019 when compared to 2018, however, only 15 of the 25 achieved growth rates above the recorded calendar year inflation of 6.2%.

Performance of the Public Sector Employees Co-operative Credit Union

The Chairperson in continuing her report stated that the Public Sector Employees Co-operative Credit Union realized another

successful year of operations which resulted in Gross Income of \$344M, an increase of 16.8% over 2018. Operational Expenses were contained to \$308.4M. The result was Net Income of \$35.6M or 45.6% for 2018. She drew the meeting's attention to the on-screen graphs depicting the Gross Revenue, Profitability and the Net Income charts over the period 2015 to 2019.

Capital Base

The Chairperson 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 draft BOJ Credit Union Regulations. She proudly pointed out that our Institutional Capital stood at 12.16% which was 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:

- Savings at the end of 2019 being at 1.8B up from the \$1.6B reported as at December 31, 2018, this represented growth of \$188M or 11.71%
- The Loan Portfolio being at \$2.1B in 2019 compared to \$1.9B in 2018 an increase of \$217M or 11.05%. Loans disbursed for the year totaled \$1.6B.

The Chairperson indicated that the solid performance was underpinned by the society's promise to provide members with excellent service at all touch points and its commitment to process improvements aimed at shortening the end-to-end processing time while delivering exceptional member experience.

She again drew the meeting's attention to the charts being displayed on-screen. These were the Five Years Key Operating Statistics from 2015 to 2019 and also Membership Growth over five years. It showed that in 2015 membership was 7467, in 2016, 8079; 2017, 8620; 2018, 9456 and 2019, 10311. Also displayed was the growth trend over five years for Total Assets, Loans to Members, Savings, and Institutional Capital.

Non-Performing Loans

In continuing her report the Chairperson stated that the loan quality ratio was 2.92% at the end of 2019. She explained that the loan quality ratio was the measure of non-performing loans expressed as a percentage of the total loan portfolio. The quality of the loan portfolio was attributed to prudent credit risk management processes. Notwithstanding the Credit Union remained committed to assisting members who faced challenges from time to time. There was the resolve to keep that portfolio below the Credit Union Movement's PEARLS standard ratio of 5%.

IFRS 9 Provisioning

In January 2018, the Credit Union adopted the International Financial Reporting

Standard 9 (IFRS 9) which in essence required credit unions to recognize Expected Credit Losses (ECL) for certain financial assets and make provisions accordingly. The adoption of this standard had significantly impacted how the Credit Union made provisions for delinquent loans. Consequently, the provisions for loan loss increased by 40.92% or \$13.2M to \$45.5M at the end of 2019, from \$32.3M at the end of 2018. Delinquent loans increased by 59.48% over the period moving from \$40.819M at the end of 2018 to \$65.09M at the end of 2019. The effort to keep delinquency at a minimum continued with the following measures being employed; telephone calls to members, written reminders on a monthly basis, employment of debt collectors and pursuing legal action. Members' credit history was also assessed through the services of two Credit Bureaus.

Risk and Compliance

The Credit Union had established an Enterprise Risk Management (ERM) Framework which incorporated the Board, Management and Staff in an effort to identify, measure and reduce risks. The Chairperson indicated that one of the key risks faced by the Credit Union is money laundering. To mitigate that risk and others, the Credit Union had implemented 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 had also appointed a Nominating Officer who had the dual role of managing legal matters as well as Enterprise

Risk Management. The Chairperson reminded the meeting that the core function of ERM was to ensure that the risks taken to increase profitability are adequately identified and managed. This was enabled through the use of the risk registers. Additionally, the Credit Union continued to maintain a high level of compliance with all laws and regulations relating to its operations.

Throughout 2019 the Credit Union ensured that its legal obligation with regards to money laundering and terrorist financing was adhered to by engaging in the following activities:

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

The Chairperson added that being aware that the Bank of Jamaica would be considering the Credit Union's risk management framework for licensing, the Board was 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 continued to invest significantly in the development and training of Directors, Committees, Management, and staff to add significant value to the Credit Union. Being aware that human resource must be able to support and enable the execution of strategy, the Credit Union ensured that personnel were trained to the highest level of proficiency relevant to job function and to enhance the ability to give quality service and professional advice to the membership. Several internal training programmes were conducted covering areas such as: Customer Service, Sales and Cross Selling, Customer Charter and Complaints Procedure, Proceeds of Crime Act, Management Policy 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

At the end of 2019, the Credit Union had staff complement of 52 serving the head office and four other branches. Throughout the year four (4) persons were employed while one (1) resigned.

Marketing

The Chairperson indicated that the Board of Directors remained committed to offering the correct mix of products and services aimed at satisfying the varied needs of members, the reason behind the range of products and services available and being contemplated.

Access Plus, Debit MasterCard Upgrade

The Chairperson further reported that the Credit Union in conjunction with the League was upgrading the Debit Card Switch and would be offering a new Access Plus Debit MasterCard which would feature other enhanced services. The upgrade would provide significant improvement to the features and offerings of the Credit Union's debit card such as EMV 'chip and pin'. This technology would provide greater security features for all transaction types. The new card would allow for international point of sale, ATM transactions and also online shopping in local and foreign currency. Additional services would include enhanced internet banking services and bill payment through Paymaster. Madam Chair stated that credit unions would also have the opportunity to provide interconnectivity services which would allow members to conduct transactions at any one of the branches. She concluded that the League was in the process of getting regulatory approval. Once completed, the current cards would be recalled and replaced free of charge. Members would receive a text message as per usual when that process starts.

Savings and Investments

The Chairperson continued by stating that members were constantly encouraged to build and maintain healthy financial practices. To accommodate this, the Credit Union continued to offer several savings and investment options. These included: Deferred Shares Offerings, Special Deposits, Regular Deposits, Christmas Club, and the Youth Savers Accounts. 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 saving accounts that attracted the most competitive rates of returns on the market. Interest rates have been reduced on Home Acquisition Loans, Home Equity Loans, and new Motor Car Loans to 7.99%, 8.99% and 7.99% respectively. The Credit Union also 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.

Advertisement and Promotions

The Credit Union engaged in several activities throughout the year to promote products and services, target new members and to increase brand presence through the utilization of traditional and digital media channels. These activities saw the marketing team participating in seminars, expositions, health fairs and mobile visits to offices, geared towards driving membership growth. In this regard, several Ministries and Government offices were targeted

islandwide which included the Ministry of Industry and Commerce, Ministry of Health, Ministry of Education, Ministry of Labour and Social Security, Firearm Licensing Authority, Passport Immigration and Citizenship Agency, National Housing Trust, Tax Administration Jamaica, and the Electoral Office of Jamaica, to name a few.

The Chairperson further reported that radio advertising campaigns were done on a monthly basis on stations such as IRIE FM, Power 106, Zip 103FM and NCU FM. Digital campaigns utilizing the Google platform via AdWords and online display were also done monthly. Emphasis was placed on the advertising of the Special Deposit product which as of December 2019 recorded growth of over 35%.

Several social media promotions were also engaged in and included: Valentine's Day, Mother's Day Father's Day and Back to School promotions.

Marketing Reach by Channels and Membership Growth

Market reach was very important to the success and growth of the Credit Union and so, by utilizing contemporary social media (Instagram, Facebook, Twitter) and the traditional media (radio, television, SMS messaging and email), the Credit Union was able to increase its market reach by over 1000% impacting some 33.8 million persons. This resulted in an increase in membership by Eight Hundred and Fifty-Five (855). This number represented 85.5% of our membership target.

Members' Relationship Management

The Chairperson continued by stating that developing and maintaining lasting member relationships was crucial to the success of the Credit Union. So, members were kept abreast of the new and updated products by way of brochures, quarterly newsletters, SMS, and email messages. Members were also able to submit their queries via Live Chat on our website and social media pages and would receive real time responses. To ensure that they felt at home from the very beginning, new members were also sent welcome letters.

Credit Union Week Activities

For 2019, Credit Union Week was celebrated from October 14-19 under the theme "Local Service, Global Reach". Members' Appreciation Day activities were held at each branch with After Work Jam and Karaoke being held at the head office.

Social Contribution

The usual focus was placed on the well-being of our members throughout the year, reported the Chairperson. To this end scholarships, bursaries, donations, and sponsorships were granted as follows:

- Sixty-Three (63) PEP grants valued at \$1M.
- Four (4) Scholarships valued at \$800,000.00.
- Law Enforcement Torch Run
- Jamaica Police Federation Conference
- Island Special Constabulary Force Retirees' Annual Luncheon
- Donation of wall-mounted fans to the Hope Institute Hospital

- Contribution of cricket gears to the Jamaica Constabulary Force's National Cricket Team
- Donation of groceries and toiletries to some past members
- Donation to members displaced by fire and other natural causes.

Conclusion

The Chairperson informed the meeting that the Board remained cognizant of the dynamic operating environment and had employed the necessary strategies to achieve reduction in operating expenses, greater income generation and improved productivity in order to bolster members against the impact of economic and financial challenges. It remained committed to developing creative, comprehensive, and suitable products and services to meet members' needs while practicing the principles of Prudential Financial Administration.

Appreciation

The Chairperson on behalf of the Board of Directors expressed gratitude to the following groups and organizations who partnered with it and gave tremendous support throughout 2019:

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

- Jamaica Co-operative Insurance Agency

Acknowledging that the Board could not have done it on its own, the Chairperson expressed special appreciation to the Chief Executive Officer and his capable management team and staff. Special appreciation was extended also to 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 to have served you and we are looking forward to serving you again.

Queries/Comments from The Board's Report

No queries or comments emanated therefrom.

Adoption

The Board's Report was adopted on a motion from Mrs. Lenora Williams-Hylton seconded by Mr. Maurice Channer.

TREASURER'S REPORT

Before commencing his report, the Treasurer, Mr. Christopher Murdock invited Miss S. Powell 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 Jamaica's economy, stating that the country continued its expansion, recording seven consecutive years of growth. Gross

Domestic Products (GDP) increased by 0.9% for the year 2019, compared to 1.1% in the previous year but was below the expected growth of 1.5% to 2.9%. Inflation rate closed the year at 6.2% compared to 2.40% in 2018. The inflation rate was above the projected range of 4 - 6%. Mr. Murdock also mentioned that the Jamaican Dollar continued to fluctuate against its US counterpart and reached as high as \$142.23 during November 2019 and eventually closed the year at \$132.57 compared to \$127.72 in December 2018. Interest rates on investments trended down throughout the year and closed at 0.5% after opening the year at 1.75%. Rates were expected to remain low considering the recovery efforts after the pandemic. Growth in the financial sector remained on its strong growth path with Total Assets increasing by 10.49%, Loans by 16.8%, Capital by 11.03%, and Savings by 9.34%.

It was another successful year for the Public Sector Employees Co-operative Credit Union as it continued to grow in all the major areas of operations. There were strong demands for loans which resulted in a net growth of 11.05% in the loans portfolio, which represented a change of \$217M, moving from \$1.964B at the end of 2018 to \$2.181B at the end of 2019. As a result of the loans demand, Liquid Assets declined by 16.44% moving from \$289M in 2018 to \$241M at the end of 2019, a change of \$47M. Other portfolios that experienced good rate of growth were: Savings, which grew by 11.71% or \$188M; Total Assets increased from \$2.493B in 2018 to \$2.659B in 2019, a change of \$165M or 6.65%; Total Income grew by \$57.5M or 14.67% moving

from \$392.3M in 2018 to \$449.9M in 2019; Interest on Loans grew by 10.8% or \$39M to \$400M at the end of 2019 moving from \$361M in 2018. The Credit Union benefitted from the high returns generated by the Stock Market resulting in the Investments portfolio realizing a gain of \$12M in 2019 compared to \$5.3M in 2018. This was a change of \$6.7M or 125.88%. Miscellaneous Income experienced growth of \$11.5M or 14.67%, increasing from \$26M in 2018 to \$37.5M at the end of 2019.

Cost of Fund

The Treasurer further reported that like any other financial institutions, the Credit Union paid for the resources it utilized to fund its operations. The cost of funds for 2019 was \$92.4M, increasing by 14.89% or \$12M from \$80.4M in 2018. He added that for the first time in many years, more was paid to Savings Deposits than External Credits. The change he said was due largely to the savings campaign embarked on throughout the year, an activity that would continue for the foreseeable future. At the end of 2019, some \$47M was paid out to Depositors compared to the \$36M paid out in 2018, an increase of 31.45% or \$11.33M. The objective was to grow the Savings Deposit portfolio to reduce and eventually eliminate the use of External Credit.

Members were consistently benefitting from stable interest payments and were encouraged to continue saving with the Credit Union as the interest payments on Deposits and Shares were some of the most attractive in the market. The Treasurer said this against the background of the increase

in the amount paid to Deferred Shares. The increase was \$1.1M or 91% more than the \$1.3M paid in 2018.

External Credits declined marginally by 1.27% or \$529,253 to \$41.2M at the end of 2019 from \$41.7M at the end of 2018. Bank Charges too increased marginally by 1.07% or \$14,926 from \$1.392M to \$1.407M.

With an increase in revenue streams the consequential effect was an increase in Gross Income. The amount realized was \$344M at the end of 2019, a change of \$49.9M or 16.98% when compared to 2018. Operating Expenses in 2019 were \$308M compared to \$269M in 2018, 14.38% or \$38.7M more. The Credit Union continued its never-ending effort to contain expenses, however, the opening of the Portmore branch and the relocation of the Montego Bay branch to a more strategic location would have contributed to increased costs. Notwithstanding, the growth in Gross Income of 16.88% was more than the 14.48% increase in expenses. The resultant increase in Net Profit of \$11.163M or 45.57%, from \$24.495M to \$35.659M illustrated the overall positive year the Credit Union had; being able to continue its growth path, increase revenues, contain expenses and generate increased profits. Further illustration of the excellent performance was in the increase in Total Comprehensive Income which reflected \$26.47M in 2018 and \$47.281M in 2019, increasing by more than \$20.8M.

Expenditure increased by \$38.778M or 14.38% in 2019 compared to \$25.391M 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. As a consequence, Personnel Cost increased by 15.38% or \$25.8M.

The increase in members' activity resulted in increased members' insurance premiums by 12.42% or \$2.4M. Additionally, despite increased radio and television presence, marketing costs declined by 15.89% or \$1.3M. The addition of the Portmore branch and the relocation of the Montego Bay branch also impacted administrative costs and contributed to the increase of 27.06% or \$11.8M. Affiliation costs which included fees and contributions to the League, increased marginally by 0.13%.

Delinquency

Mr. Murdock indicated that the IFRS 9 standard, which would have been explained earlier, had significantly impacted how the Credit Union made provision for delinquent loans. Consequently, the Loan Loss Allowance increased by 40.92% or \$13.204M at the end of 2019 from \$32.723M at the end of 2018. Delinquent Loans increased by 59.49% over the period moving from \$40.819M at the end of 2018 to \$65.096M at the end of 2019.

He further reported that there was continued efforts to minimize delinquency by taking appropriate actions against those members. These actions included calling and writing to them on a monthly basis, employing debt collectors and taking legal action when required. However, the continued

resignation of members from the Jamaica Constabulary Force and their subsequent migration was making collecting on delinquent loans a difficult task.

Conclusion

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 affiliate 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 Miss Erica Johnson seconded by Miss Rosina Holness.

CREDIT COMMITTEE

The report of the Credit Committee was presented by its Secretary Mrs. Carlene Allen. She gave a background to the Committee's role and functions; it being a voluntary body duly elected by the general membership for the purpose of examining and approving loans above shares and ratifying loans approved by the Credit Administration Manager. To carry out this task the Committee met on average two meetings per month and would have participated in quarterly Joint Meetings with the Board of Directors and Supervisory Committee.

A total of 27 meetings were held by the Committee for the year under review. She was pleased to report that there was strict adherence to laid down rules, regulations, and policies as they affected Credit Administration. Finally, she extended gratitude to all those who gave tremendous support to their efforts and contributed significantly to the Committee's success and expressed her anticipation of their continued support during the coming year.

Adoption

A motion for the adoption of Credit Committee's report was moved by Ms. Carol Golding seconded by Mr. Jason Rodriques.

SUPERVISORY COMMITTEE

The report of the Supervisory Committee was presented by Mr. Omar Drysdale, a member of the Committee. He spoke to the Credit Union celebrating 52 years of service to its members, having been established in 1968 and positively impacting the lives and livelihood of many. It now represented the primary financial institution for many with service being its core value and where members' financial security mattered most.

He reiterated the role of the Committee that of maintaining oversight of the safety and soundness of the Credit Union and re-emphasizing that it operated independently of all entities of the Credit Union. The Committee was also tasked with the constant effort of ensuring that there was overall compliance with the applicable laws and regulations. Also, 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. Drysdale further reported that in conjunction 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 delinquent/charged-off loans and allowances for loan losses, Anti-Money Laundering (AML) and Countering of Terrorism Financing (CTF) Framework, disbursement process, Minutes of the Board of Directors, lodgment process, loans verification, performance appraisal, and surprise cash count. 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 necessary, the Committee was able to make recommendations, which resulted in improvement in the control environment thus reducing the risk of loss to the organization. The Committee also reviewed the results of and periodically checked with management on any action items identified in reports. He was able to state with confidence that the Credit Union continued to maintain a high level of financial safety and soundness. Mr. Drysdale reiterated the Committee's pledge to remain vigilant representatives of the members' interests, ensuring continued safety and soundness for

their interests, as the Credit Union strived to provide you with excellent member service.

He expressed the sincerest of gratitude to the general membership, the Board of Directors, Internal Auditors, management and staff for their courtesy, co-operation, and support throughout the year. He gave recognition to the hard work undertaken by all to maintain and improve the support and services provided by the Credit Union to its members.

Adoption

The Supervisory Committee's report was adopted on a motion by Mrs. Lenora Williams-Hylton, seconded by Mr. Owen Williams.

Nomination Committee Report

The Nomination Committee's report was presented by its Chairman Mr. Andrew Johnson. He reported that the Committee was appointed at a meeting of the Board of Directors held February 13, 2020, in keeping with Rule 64. The members of the Committee were Mr. Andrew Johnson from the Board as Chairman, Mr. Michael Farquharson from the Credit Committee and Mrs. Tamara Maxwell-Green, Deputy CEO Finance and Administration. The status of the various groups was as follows:

Board of Directors

Retiring from the Board of Directors in 2020 and recommended to serve for another two years were: Mr. Calvin Allen, Miss Jeanette Davis, Miss Dacy-Ann Graham, Mr. Eric Wint and Mr. Courtney Faulknor.

Those retiring in 2021 were Mr. George Hunter, Mr. Christopher Murdock, Mr. Errol Adams, and Mr. Andrew Johnson.

The Committee reported that no other nominations for the Board of Directors were received. Consequently, Mr. Calvin Allen, Miss Jeanette Davis, Miss Dacy-Ann Graham, Mr. Eric Wint and Mr. Courtney Faulknor shall be elected to serve for two years on the Board of Directors.

Credit Committee

Those retiring from the Credit Committee in 2020 and recommended to serve for another two years were Mrs. Carlene Allen, Mrs. Patsie Wallen-Lindsay, and Mr. Anthony Lewis.

Retiring in 2021 were Mr. Steven Watson and Mr. Michael Farquharson.

There being no other nominations, the Nomination Committee recommended that Mrs. Carlene Allen, Mrs. Patsie Wallen-Lindsay, and Mr. Anthony Lewis 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. One other nomination was received by the Committee, hence, the need for an election to determine the five that would serve for one year. The persons to consider were Nigel Davis, Omar Drysdale, Julian Oscar, Sancha Miller-

McPherson, Juniffer Dixon-Gordon, and Jason Rodriques.

In concluding his report, the Chairman informed the meeting that a profile on all candidates was included in the annual report for them to peruse as they see fit. Before taking a motion for the adoption of the report, Mr. Johnson invited Mr. R. Dunn from the Registrar to conduct the elections and to steer the motion allowing for the Board to select its Delegates and Alternate Delegates to represent the Credit Union.

Adoption of Report

The adoption of the Nomination Committee's report was done on a motion by Mr. Anthony Lewis seconded by Miss Ilene McKenzie and was carried by majority vote.

Elections

In assuming the role of Director of Elections, Mr. Dunn outlined for the meeting how the elections would be conducted pursuant to the rules. He indicated that because the number of persons nominated for both the Board and Credit Committee were equal to the number of vacancies there won't be any need for voting and needed only a show of hands for their acceptance. After this process, motions were carried for both the Board of Directors and the Credit Committee.

He reminded the meeting that six persons were nominated for the Supervisory Committee for which there were five vacancies. He narrated the voting procedure and caused ballots to be distributed to

facilitate the voting. At the end of the process the persons elected to serve the Committee for one year were: Mr. Omar Drysdale (98 votes), Mrs. Sancha Miller-McPherson (103 votes), Ms. Julian Oscar (84 votes), Mrs. Juniffer Dixon-Gordon (90 votes) and Mr. Jason Rodriques (84 votes). Before handing over to the Chairperson, Mr. Dunn reminded the Committees of their responsibility to elect their desk officers within ten days.

DISTRIBUTION OF SURPLUS

The Treasurer informed the meeting that the Board was recommending that the \$27,411,415 in surplus be distributed as follows:

- Dividend on Permanent Shares
 - \$16,255,520.50
- Honoraria
 - \$4,500,000.00
- Annual General Meeting
 - \$3,000,000.00
- Disability Assistance Provision
 - \$117,999.76
- Disaster Relief Provision
 - \$414,852.62
- PEP Grant
 - \$1,000,000.00
- Permanent Share Transfer
 - \$1,000,000.00
- Memorial Scholarships
 - \$800,000.00
- Sponsorships and Donations
 - \$323,042.12

A motion was moved by Mr. Joel Betty seconded by Miss Monica Wright for the acceptance of the distribution of the surplus as recommended by the Board and carried by majority vote.

The Treasurer invited the CEO to lead a proposition on a further distribution of the dividend. The CEO proposed that, consistent with the practice over the years, 50% of the dividend be paid in cash and 50% placed on Permanent Shares. He suggested that members, if there was no immediate need for the cash, place all their dividend on their Permanent Shares as the dividend being paid represented 10 % of Permanent Share portfolio, so essentially the return on their investment was 10%. He further suggested that it was one of the most attractive investment options available. The proposition of the CEO was accepted on a motion by Mr. Anthony Lewis seconded by Mr. Cecil Hinds. When put to the vote the ayes had it.

FIXING OF MAXIMUM LIABILITY

After explaining what was meant by Maximum Liability i.e., the authority given to the Board of Directors (Rule 69) 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 Ms. Ilene McKenzie seconded by Mrs. Sophia Brown-McBean and carried by majority vote.

APPOINTMENT OF AUDITORS

By a show of hands, the meeting gave approval for the Board to extend the appointment of Crowe Horwath as the Credit Union's external auditors.

MINUTES OF THE 52ND ANNUAL GENERAL MEETING

ANY OTHER BUSINESS

The Chairperson reminded the meeting that it was that point in the proceedings where they raise any matter of concern. However, no matter arose from the floor for discussion.

PRIZES

The Chairperson invited Marketing and Communications Manager Miss KellyAnn Dixon to assist in what she dubbed the exciting segment of the meeting. She stated that she knew school was online and the exorbitant costs for tablets. As such, there were a number of tablets to be given away. The following persons won tablets after giving the correct responses to questions posed by Miss Dixon:

- Miss Monica Robinson
- Miss Kimone Parkes
- Mr. Jason Rodriques

Other prizes won by members were a cash prize of \$5000.00 and a gas voucher.

VOTE OF THANKS/ADJOURNMENT

Mr. George Hunter gave the vote of thanks after which the Chairperson having exhausted the agenda adjourned the meeting at 1:02pm.



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Errol G. Adams
Secretary

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020

Calvin Allen – President

It is with esteem pleasure to 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, despite the challenges faced as a result of the COVID-19 Global Pandemic. We have recorded net profit of \$45.5M, growth of \$9.8M or 27.65% and total asset of \$3.083B or 6.6% growth over 2019. This success was due to hands-on actions and navigation to the fast-paced changes in the economic environment, at the same time still satisfying our members' financial need.



In 2020, the PSECCU reviewed its strategy with the aim of ensuring that we stayed relevant in delivering the products and services that our members need to improve their financial well-being. Additionally, with the dynamic evolution of technology specifically in the financial sector, this review ensured that our policies and procedures mirrored our changing environment.

OUR NATIONAL ECONOMY

The Global economy environment underwent the effects of the COVID-19 pandemic and the regulatory and social measures that were utilized to contain. Jamaica's economy declined by an estimated 10.2%. This decline marked the first year of contraction following seven consecutive years of GDP growth.

The tourism industry contracted but Jamaica experience increased remittance inflows, and as at December 31, 2020, the local currency traded at an exchange rate of \$JMD142.65 to US\$1. This represented a 7.6% depreciation in the value of the Jamaican dollar for the year, relative to 2019. The rate of depreciation for 2020 was the rate recorded for 2019.

Employment levels also declined during 2020 as an outcome of COVID-19. The latest unemployment data (STATIN, October 2020) showed an unemployment rate of 10.7% to reverse previous year on year improvements. Approximately 92,600 fewer persons were employed in October 2020 relative to October 2019. Monthly rates of inflation remained low, with an annual rate of 6.4% being recorded for 2020.

During 2020, the Bank of Jamaica (BOJ), maintained the policy rate at 0.5% per annum. The Central Bank's decision was based on its assessment that inflation would continue to trend within the Bank's inflation target of 4.0% to 6.0% over the next two years.

Despite the challenges faced as a result of the pandemic, the domestic financial system registered growth in its net loans, deposits and assets. For the calendar year 2020, the financial sector recorded overall loans growth of 9.0% and deposits growth of 16.2%. Total assets in the financial sector grew by 11.7%. The loans growth recorded was above what was expected in the context of the sharp fallout in economic activity and the total loans portfolio in the market now exceeds one trillion dollars.

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020



Jeanette Davis
Vice President



Christopher Murdock
Treasurer



Errol Adams
Secretary



Andrew Johnson
Assistant Treasurer

The Jamaica Credit Union Movement also reported growth in its loans, savings and assets portfolio, with improved performance in some areas relative to 2019. The Credit Unions ended the year with net loans growth of 3.6%, savings growth of 9.9%, and assets growth of 9.6%.

Credit Union Movement Performance

The Jamaica Co-operative Credit Union (JCCUL) 2020 Annual Report reported that despite the environmental challenges, the twenty-five (25) credit unions that constitute the Movement, witnessed improvement in total assets, net loans, savings and membership for the year ended December 31, 2020. Total savings grew by 9.94% from \$96.259 billion in 2019 to \$105.825 billion at the end of 2020. The value of loans increased from \$88.436 billion to \$91.602 billion, or 3.58% which was below the rate of growth of the industry. Total assets increased by 9.58% to \$137.033 billion, up from \$125.048 billion. Credit Unions' membership increased in 2020, moving to 1,034,962 from the 1,006,557 recorded as at December 31, 2019.

All twenty-five (25) credit unions recorded growth in total savings relative to 2019; and eleven (11) recorded double digit growth. Growth in loans in 2020 was achieved by eighteen (18) of the twenty-five (25) credit unions. Of the eighteen (18) credit unions, twelve (12) witnessed a growth rate that exceeded the 3.58% increase achieved by the Movement.

While all twenty-five (25) credit union recorded growth in assets, only eighteen (18) achieved asset growth that was above the recorded calendar year inflation of 6.4%.

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 total asset of \$3.083B and Gross Revenue of \$356 million. Expenses were contained at 0.68% or \$310.4 million resulting in net income of \$45.5 million or 27.65% for 2020.

2020 Performance

- Gross revenue grew by \$11.9 Million or 3.48%
- Net income grew by \$9.8 Million or 27.65%
- Total Asset grew by \$424.1 Million or 15.95%
- Loans to member grew by \$333.4 Million or 15.28%
- Savings grew by \$349.6 million or 19.50%
- Deferred shares grew by 1.2 million or 91%

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020



Dacy-Ann Graham
Assistant Secretary



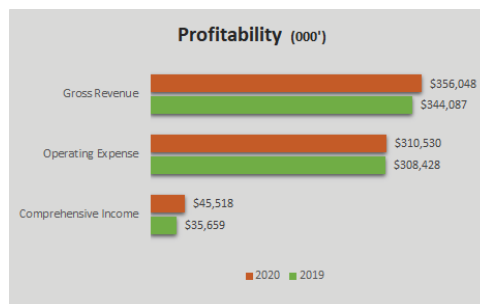
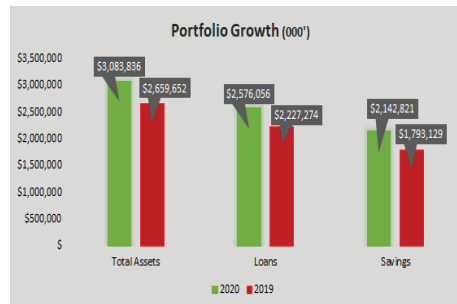
Courtney Faulknor
Director



Eric Wint
Director



George Hunter
Director



CAPITAL BASE

The Public Sector Employees Co-op Credit Union's objectives when managing capital are to safeguard our ability to continue as a going concern, to provide returns to you our members and benefits to other stakeholders, and to maintain a strong capital base in order to support the development to fit the business of the credit union.

As a result of the financial impact the PSECCU implemented new measures to monitor and manage capital. Measures included ongoing monitoring of sensitivity analyses to determine the impact of downward adjustment on regulatory ratios and projected profitability; and the level of capital adequacy and how additional capital could be raise as needed. Also monitoring of increased provisioning through the Expected Credit Loss (ECL) and the correlation of defaults with loss given default (LGD); and Higher delinquency & loan write-offs.

We, however, continue to work in readiness for the draft Credit Union Act and Regulations which is the main requirement for licensing. Under the draft Credit Union Act and Regulation is Capital adequacy and our Institutional Capital stands at 11.8% 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.

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020

FINANCIAL PERFORMANCE IN KEY OPERATING AREAS

The savings & deposit fund at the end of 2020 stood at \$2.14 billion, up from \$1.8 billion reported in December 2019, representing a year over year increase of \$349.6 million or 19.50%. Savings and Deposit growth was driven by several marketing initiatives which focused on the investment of our members and providing the tools required to grow wealth management; this includes saving programmes offering high premium rate of return.

The loan portfolio at the end of 2020 stood at \$2.5 billion, up from \$2.18 billion reported at December 2019, representing a year over year increase of \$333.4 million or 15.28%. Loans disbursed totaled \$1.3 billion.

Table 1—Ten years Key Operating Statistics

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Balance Sheet	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'
Loan Portfolio	2,576,056	2,227,274	1,996,960	1,646,606	1,510,240	1,273,627	1,202,375	1,072,625	785,796	781,979
Savings	1,090,321	795,897	663,755	447,277	366,181	275,897	220,851	184,570	131,582	102,066
Institutional Capital	118,789	109,260	101,433	95,867	93,697	89,061	85,082	92,147	89,541	87,880
Earning Assets	252,882	201,795	269,502	323,468	238,076	220,727	184,575	145,332	171,186	119,420
Total Assets	3,083,836	2,659,652	2,493,835	2,106,659	1,899,020	1,635,534	1,540,940	1,368,134	1,101,955	1,013,144
Income & Expense										
Gross Income	356,048	344,087	294,145	253,790	239,677	204,480	175,352	176,198	147,762	135,342
Operating Expense	310,530	308,428	269,649	244,258	217,683	186,162	171,437	164,577	140,446	115,259
Net Surplus	45,518	35,659	24,496	9,531	21,995	18,363	2,415	11,621	7,316	20,083

IFRS 9 Provision

PSECCU adopted the International Financial Reporting Standard (IFRS9) that requires 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 33.76% or \$15.3 million to \$60.8 million at the end of 2020 from \$45.4 million at the end of 2019. The increase in the Loan Loss Allowance was mainly due to adjustments in how the provisioning for delinquent loans was calculated.

The delinquent loans increased by 18.09% over the period moving from \$65 million at the end of 2019 to \$76.8 million at the end of 2020, a difference of \$11.77 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.

RISK AND COMPLIANCE

PSECCU have established an Enterprise Risk Management Framework which incorporates the Board, Management and Staff to identify, measure and reduce risk. 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. Our Deputy Chief Executive Officer of Credit and Compliance is the appointed Nominated Risk and Compliance Officer. He has the role of enterprise

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020

risk management which 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.

The Credit Union continues to maintain a high level of compliance with all laws and regulations relating to its operations. Throughout the year 2020, 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 (BOJ) 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

Human Resource enables and support the execution of strategies through the 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 our membership, Committee Members, Management and Staff to add significant value to the Credit Union and personal development to its volunteers, management, and staff.

Several internal training sessions were conducted via online platform, 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 such as: 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 2020, 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 two (2) new staff members were employed and one (1) employee resigned.

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020

MARKETING

Products & Services

The year 2020 saw planned member activities and engagements being cancelled due to the Covid-19 pandemic. However, PSECCU was resilient in their efforts to overcome the many challenges faced and found new ways of doing business and reaching out to our prospective and current members. Notwithstanding the many challenges faced, the PSECCU Marketing department managed to keep the Credit Union's brand visible on several media platforms.

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, and 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.

One of the targets for the marketing department was to grow the Special Deposit Account portfolio and as of December 31, 2020, the portfolio recorded over 45% in growth to close the year at \$904B an increase of 10% growth over the previous year.

Other Services

We continue to offer supplementary services such as the Bill Express facility, 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.

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020

Advertising and Promotion

As a result of the team not being able to engage members in a face-to-face setting, special emphasis was placed on our advertising and promotional strategies to ensure that our products and services were reaching our core membership and our target market. We engaged in monthly television and radio advertisements on stations such as Television Jamaica, CVM TV, Irie Fm, Power 106FM, Nationwide FM, Zip 103 FM, and Mello FM. Quarterly print advertisements were published in the Financial Gleaner as well as other publications in the Jamaica Observer. A billboard was also erected close to the Mandeville branch to ensure our brand visibility island wide.

There were several social media promotions on our Instagram and Facebook platforms as well as digital campaigns on the Google network through Google Display ads, Google AdWords and TrueView instream ads.

Credit Union Week

Credit Union Week was celebrated virtually, and members were engaged on our Instagram and Facebook platforms from 11-17 of October 2020, where they were celebrated and was able to vie for daily gifts and surprises.

Customer Relationship Management (CRM)

Our goal is to improve member service relationships, maintain member retention and drive sales growth. During the year, members were kept abreast of new products and product updates via quarterly newsletters, SMS messages, 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.

Social and Contributory Programmes

- As a result of measures set forth by the Government under the Disaster Risk Management Act (DRMA), our elderly members 60 years and older were issued stay at home orders, and we decided to act by providing care packages consisting of grocery items to retired/needy members across the island. The programme was very successful, and our members were very appreciative of the gesture.
- \$ 1M was awarded to 54 students who were successful in their PEP examinations.
- \$800,000 was awarded to 4 members studying at the undergraduate and post graduate level.
- Donation to members displaced by fire/ other natural causes.
- Non-Geo Formations Health and Wellness Day

Conclusion

Notwithstanding the major impact of the Global Pandemic Covid-19 and the dynamic operating environment, we continue to employ the necessary strategies to achieve budgeted expense, greater income generation and improved productivity to provide a support and complement to you our members against the impact of the economic challenges.

Board of Directors

REPORT OF THE BOARD FOR YEAR ENDING 2020

We remain accountable to you our main stakeholders: members, staff, and volunteers with the discipline to embrace and withstand whatever challenges may come, and co-operation that makes us resilient in the face of events like Covid-19. We will provide the necessary resources to offer the maximum protection possible to all our members, the staff and their families, as we traverse through this period together. Therefore, despite the challenges of the time, we will endeavor to continue to deliver you with competitive yields on your investment and concurrently offer a suite of loan products that are not only designed for your needs but offered to you at current industry rates.

Board of Directors Attendance Report

Attendance at the Directors' Meeting for the period January to December 2020 shown below.

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

APPRECIATION

On behalf of the Board of Directors, I wish to thank the many individuals and organizations who partnered with us throughout the year 2020. 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, National Union of Co-operatives.

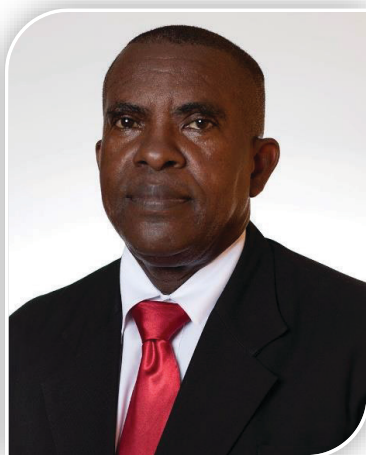
We could not have done it on our own and so, special appreciation to our Chief Executive Officer, Mr. Osmond Bromfield and his capable management team and staff for their prudent performance throughout the year. We thank the Credit and Supervisory Committees for their assistance throughout the year and most of all, to you the general membership for your support over the period. It has been our honour to serve you throughout 2020 and we look forward to serving you again.



Calvin Allen MSc.
PRESIDENT

Treasurer's Report

TREASURERS REPORT FOR YEAR ENDING 2020



Christopher Murdock
Treasurer

The Jamaican Economy, like most other economies around the world, saw a significant decline during 2020. Jamaica had previously enjoyed seven consecutive years of growth. The gross domestic product (GDP) declined by approximately 9.9% for the year 2020 compared to a growth rate 0.9% for 2019. The decline in the economy also affected the Finance and Insurance Services Industry, which experienced a contraction of 5% during the final quarter of 2020.

The inflation rate continued its increasing trend to 6.4% for the year 2020 compared to 6.2% for 2019. The realized inflation rate was above the projected range of 4% to 6%. The Jamaican Dollar continued its depreciation against its US counterpart, declining by 7.60% during 2020 compared to 3.80% for 2019. The dollar continued to fluctuate and set a record high of \$151.27 during August 2020. It closed the year at \$142.65 compared to \$132.57 at the end of December 2019.

Interest rates on investments remained low as the Bank of Jamaica (BOJ) Policy rate held firm at 0.5%. The Treasury Bill rates further declined as the 90 and 180-days instruments closed the year at 0.77% and 0.86% after they had opened the year at 1.25% and 1.45% respectively.

The Financial Sector continued its growth path with total assets increasing by 11.76% compared to 10.49% for 2019. Loans increased by 9.29% compared 16.28% for 2019 and savings increased by 16.17% compared to 9.34% for 2019. Capital, however, increased by only 1.90% compared 11.03% for 2019.

PSECCU is reporting another successful year despite the challenges of the COVID-19 pandemic. We continued to grow and outperform the industry in most areas. Demand for loans remained strong with net loans growing by 15.28% compared to 11.05% for 2019, a change of \$333.430 million, moving from \$2.181 billion at the end of 2019 to \$2.515 billion at the end of 2020. Liquid assets increased by 37.34% moving from \$241 million at the end of 2019 to \$332 million at the end of 2020, a change of \$90 million. Growth in savings was strong at 19.50% or \$350 million moving from \$1.793 billion and surpassing the two-billion-dollar mark and closing 2020 at \$2.142 billion. Total equity increased by 7.12% or \$28 million, closing the year at \$422 million. We achieved a significant milestone with total asset surpassing the three-billion-dollar mark as it increased to \$3.083 billion at the end of 2020 from \$2.659 billion at the close of 2019, a difference of \$424 million or 15.95%, making us one of the fastest growing financial institutions for the year 2020.

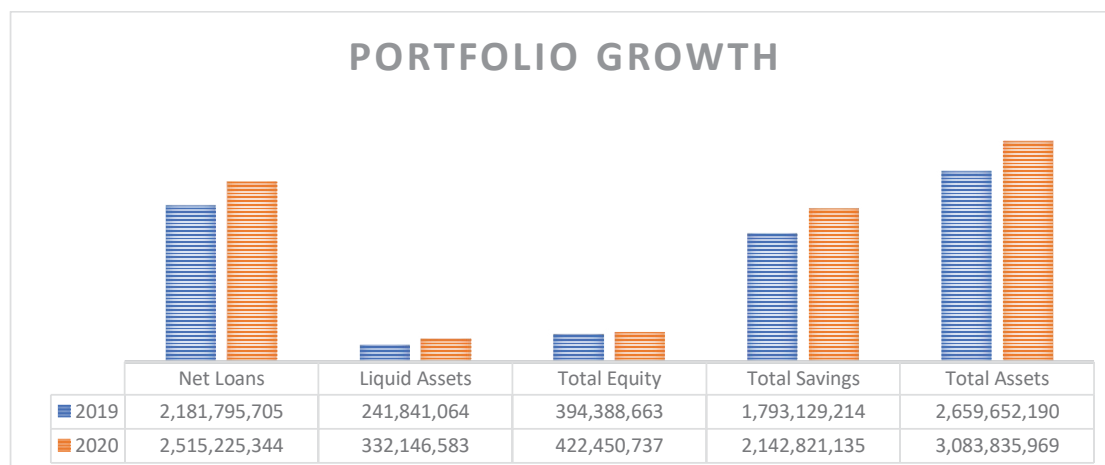
Table 1 – Portfolio Growth

	2020	2019	Monetary Change	Change %
Loans	2,515,225,344	2,181,795,705	333,429,639	15.28%
Liquid Assets	332,146,583	241,841,064	90,305,519	37.34%
Total Equity	422,450,737	394,388,663	28,062,074	7.12%
Total Savings/Deposits	2,142,821,135	1,793,129,214	349,691,921	19.50%
Total Assets	3,083,835,969	2,659,652,190	424,183,779	15.95%

Treasurer's Report

TREASURERS REPORT FOR YEAR ENDING 2020

Figure 1 – Portfolio Growth



Total Income

The Credit Union had another terrific year as we were able to grow total income by \$29.214 million or 6.49%, increasing it to \$479 million for 2020 from \$449.9 million for 2019. Loan income grew by 13.14% or \$52 million from \$400 million at the end of 2019 to \$452 million at the end of 2020.

Investment income was significantly impacted by the national and global decrease in investments and closed the year at \$2.5 million compared to \$12 million earned in 2019, a reduction of \$9.5 million or (78.83%). Miscellaneous income also declined significantly from \$37.5 million at the end of 2019 to \$23.7 million at the end of 2020, a difference of \$13.8 million or (36.83%).

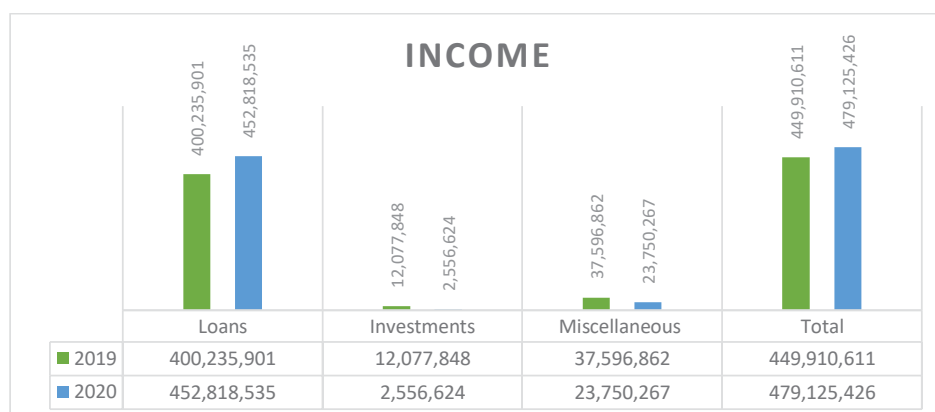
Table 2 – Total Income

	2020	2019	Monetary Change	Change %
Loan Income	452,818,535	400,235,901	52,582,634	13.14%
Investment Income	2,556,624	12,077,848	(9,521,224)	-78.83%
Miscellaneous Income	23,750,267	37,596,862	(13,846,595)	-36.83%
Total	479,125,426	449,910,611	29,214,815	6.49%

Treasurer's Report

TREASURERS REPORT FOR YEAR ENDING 2020

Figure 2 - Income



Cost of Funds

The Cost of Funds for the year 2020 increased by \$12 million or 13.02%. It being recorded at \$104.4 million for 2020, compared to \$92.4 million at the end of 2019. We continued our savings campaign which began in 2019 throughout 2020 and it contributed to double digit growth in savings. The growth in savings resulted in interest payments on deposits of \$63 million for 2020 compared to \$47 million for 2019, an increase of 34.40% or \$16 million.

The reduction in reliance on external credit resulting in reduced interest payment by (13.83%) or \$5 million from \$41 million for 2019 to \$35 million for 2020. The amount paid to Deferred Shares increased by 52.84% or \$1.3 million, moving from \$2.4 million at the end of 2019 to \$3.7 million at the end of 2020. Bank charges increased by 10.20% or \$143,471 from \$1.407 million for 2019 to \$1.550 million.

Table 3 – Cost of Funds

	2020	2019	Monetary Change	Change %
Interest on Deposits	63,667,932	47,370,231	16,297,701	34.40%
Interest on External Credit	35,497,147	41,195,685	(5,698,538)	-13.83%
Interest on Deferred Shares	3,715,474	2,430,958	1,284,516	52.84%
Bank Charge	1,550,706	1,407,235	143,471	10.20%
Total	104,431,259	92,404,109	12,027,150	13.02%

Profitability

It is said that during every crisis there is an opportunity, and we executed well during 2020 and made the best of our opportunity to generate the most revenues in the history of the Credit Union and achieve our most profitable year to date.

We closed the year with Gross Profits of \$356 million compared to \$344 million for 2019, an increase of 3.48% or \$12 million. We know 2020 was a difficult year for everyone, but for your Credit Union a

Treasurer's Report

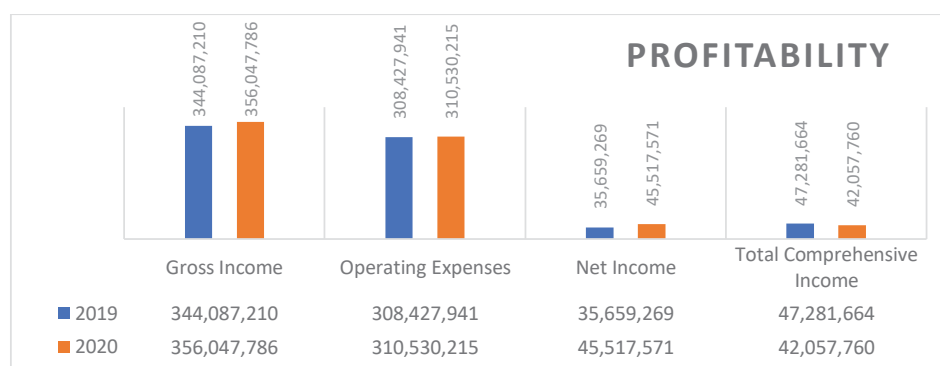
TREASURERS REPORT FOR YEAR ENDING 2020

recorded net profit of \$45.5 million is a testament of the hard work and dedication to serve you our valued members. The increase in net profit was \$9.8 or 27.65% more than the net profit of \$35.7 million recorded for 2019. Total Comprehensive Income declined from \$47 million to \$42 million a change of \$5 million or (11.05%).

Table 4 - Profitability

	2020	2019	Monetary Change	Change %
Gross Income	356,047,786	344,087,210	11,960,576	3.48%
Operating Expenses	310,530,215	308,427,941	2,102,274	0.68%
Net Income	45,517,571	35,659,269	9,858,302	27.65%
Total Comp. Income	42,057,760	47,281,664	(5,223,904)	-11.05%

Figure 3 – Profitability



Expenditure

The COVID-19 pandemic provided a unique opportunity for the Credit Union to reduce costs, through reduced activity and operating hours. There was almost no change in Operating Expenses, which only increased by 0.68% or \$2 million, moving from \$308 million at the end of 2019 to \$310 million for 2020. The efforts to contain cost continue and we will be looking at more innovative ways to cut costs in the short and medium term.

Staff costs were contained and only increased by 2.37% or \$5 million, moving from \$193 million for 2019 to \$198 million for 2020. The increased member activity resulted in increased insurance costs of 13.65% or \$3 million, moving from \$22 million for 2019 to \$25 million for 2020. Marketing remained almost flat at \$7 million dollars, despite increased radio and television presence.

Administrative expenses increased by 9.61% or \$5 million dollars, increasing to \$60 million for 2020 compared to \$55 million for 2019. The increase was due mainly to increased sanitization cost to limit the spread of the COVID-19 virus. The limitation on gatherings and meeting resulted in costs savings of \$10 million as we were not able to physically attend annual conferences and meetings.

Treasurer's Report

TREASURERS REPORT FOR YEAR ENDING 2020

Table 5 - Expenditure

	2020	2019	Monetary Change	Change %
Personnel Cost	198,328,291	193,743,317	4,584,974	2.37%
Members' Insurance	25,028,208	22,022,824	3,005,384	13.65%
Marketing & Promotions	7,197,153	7,133,304	63,849	0.90%
Administrative Expenditure	60,917,611	55,574,363	5,343,248	9.61%
Affiliation Expenditure	19,058,952	29,954,133	(10,895,181)	-36.37%
Total	310,530,215	308,427,941	2,102,274	0.68%

Delinquency

Delinquency continues to be a challenging area for the Credit Union. The Loan Loss Allowance increased by 33.76% or \$15 million to \$60 million at the end of 2020 from \$45 million at the end of 2019. The delinquent loans increased by 18.09% over the period moving from \$65 million at the end of 2019 to \$76 million for 2020, a difference of \$11 million.

To control delinquency, we are actively pursuing delinquent members. Some of our methods include the assignment of debt collectors, liquidation of assets and taking legal action as required.

Table 6 - Delinquency

	2020	2019	Monetary Change	Change %
Total Delinquent Loans	76,870,824	65,096,895	11,773,929	18.09%
Loan Loss Allowance – (IFRS9)	60,830,190	45,478,699	15,351,491	33.76%
Loan Loss Provisioning - (JCCUL)	49,897,921	39,819,612	10,078,309	25.31%

Acknowledgement

After such a successful financial year, I must state my thanks and appreciation to the management and staff for their dedication throughout the challenges of 2020. It is hoped they will continue the good work which contributed to another successful year for the Credit Union.

I would like to thank the Department of Co-operatives and Friendly Societies, Crowe Horwath, Chartered Accountants and the Jamaica Co-operative Credit Union League for your support throughout the year.

Most importantly, 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.



Christopher Murdock
Treasurer



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info@psecreditunionja.com | www.psecreditunionja.com

Public Sector Employees Co-operative Credit Union Limited Annual Report



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 Shop 10 Icon Mall, 12 Crane Blvd, Fairview, Montego Bay
 9 Ward Ave, Mandeville, Manchester

Tel: 876-929-8017 or 876-929-1845/55
 Tel: 876-632-6424 or 876-631-0335
 Tel: 876-975-5649 or 876-975-5754
 Tel: 876-971-2306 or 876-940-4720
 Tel: 876-625-4240 or 876-625-8583



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 Shop 10F Pompano Shopping Complex, Tower Isle, St. Mary
 Shop 10 Icon Mall, 12 Crane Blvd, Fairview, Montego Bay
 9 Ward Ave, Mandeville, Manchester

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DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Investment, and Commerce

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

R335/552/05/21

May 20, 2021

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

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the financial year ended December 31, 2020.

The Annual General Meeting (AGM) must be convened under **Regulation 19, 21 and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. 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.

An AGM Protocol Documents developed by the Department should be used as a guide in preparing for the Meeting, along with the **Exceptions to Prohibition on Public Gathering Exceeding Specified Number of Persons** available to Societies under the Disaster Risk Management (Enforcement Measures) Order, 2021.

Kindly advise the Department of the date of the Annual General Meeting, so that arrangements can be made for representation.

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

23 Caledonia Road
(RADA Bldg.)
(876) 927-1948
Public Sector Employees Co-operative Credit Union Limited

MONTEGO BAY, ST. JAMES

10 Delisser Drive
(The Office of the Prime Minister)
(876) 927-1948
Annual Report

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES
RE: PUBLIC SECTOR 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 ("the Credit Union") which comprise the statement of financial position as at 31st December 2020, the statement of comprehensive income, statements of changes in equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at 31st December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Co-operative Societies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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	How the matter was addressed during the audit
Expected Credit Loss ('ECL') on Financial Assets	Our procedures in this area includes the following:
<p>IFRS 9 was implemented by the Credit Union on January 1, 2018. The adopted standard is new and complex and requires the Credit Union 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.</p> <p>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.</p>	<ul style="list-style-type: none"> ▪ Obtaining an understanding of the models used by the Credit Union for the calculation of expected credit losses including governance over the determination of key judgments. ▪ 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. ▪ Testing the completeness and accuracy of the data used in the models of the underlying accounting records based on a sample basis.

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

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:
<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 Credit Union'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 IFRS 9 ECL results.</p>	<ul style="list-style-type: none"> ▪ Evaluation of the appropriateness of the Credit Union's impairment methodology including (SICR) criteria presented. ▪ Assessment of the assumptions for probability of default, loss given default and exposure at default. ▪ Assessment of the adequacy of the disclosure of the key assumption and judgments as well as the details of transition adjustment for compliance with IFRS 9.

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 identified above when it becomes available 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 in this other information, we are required to report that matter to those charged with governance.

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES
RE: PUBLIC SECTOR 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

Management is responsible for maintenance of adequate accounting records in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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.



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

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

- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of the Credit Union of which we are the independent auditors.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, given the information required by the Co-operatives Societies Act, in the manner required.

A stylized, handwritten-style signature of "Crowe Horwath Jamaica" in black ink.

Crowe Horwath Jamaica

47-49 Trinidad Terrace
Kingston 5
Jamaica

May 14, 2021

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 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	2020 \$	2019 \$
<u>NON-CURRENT ASSETS</u>			
Earning:			
Loans to Members - Net of Provision for Loan Impairment	5/6	2,515,225,344	2,181,795,705
Financial Investments	7	42,649,897	46,138,150
		<u>2,557,875,241</u>	<u>2,227,933,855</u>
Non-Earning:			
Property, Plant & Equipment	8	119,219,312	121,791,083
Retirement Benefit Asset	9	19,578,000	16,996,000
		<u>138,797,312</u>	<u>138,787,083</u>
TOTAL NON-CURRENT ASSETS		<u>2,696,672,553</u>	<u>2,366,720,938</u>
<u>CURRENT ASSETS</u>			
Earning:			
Liquid Assets	10	206,047,998	155,522,143
Financial Investments	10	46,834,174	46,342,848
		<u>252,882,172</u>	<u>201,864,991</u>
Non-Earning:			
Liquid Assets	11	79,264,411	40,045,856
Receivables & Prepayments	11	55,016,833	51,020,405
		<u>134,281,244</u>	<u>91,066,261</u>
TOTAL CURRENT ASSETS		<u>387,163,416</u>	<u>292,931,252</u>
TOTAL ASSETS		<u>3,083,835,969</u>	<u>2,659,652,190</u>
<u>CAPITAL AND LIABILITIES</u>			
Members' Permanent Shares	12	170,887,289	162,555,205
Non-Institutional Capital	13	132,774,386	122,573,110
Institutional Capital	14	118,789,062	109,260,348
Total Equity		<u>422,450,737</u>	<u>394,388,663</u>
<u>NON-CURRENT LIABILITIES</u>			
Interest Bearing:			
Savings Deposits	16	944,822,225	660,500,246
Members' Voluntary Shares	17	1,052,499,990	997,232,626
Members' Deferred Shares	17	74,326,521	51,578,584
TOTAL NON-CURRENT LIABILITIES		<u>2,071,648,736</u>	<u>1,709,311,456</u>

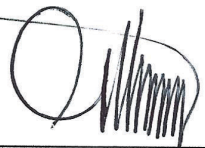
The accompanying notes form an integral part of the financial statements.


PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
STATEMENT OF FINANCIAL POSITION (CONT'D)
AS AT 31ST DECEMBER 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	2020 \$	2019 \$
<u>CURRENT LIABILITIES</u>			
Interest Bearing:			
External Credits	18	359,255,935	357,472,021
Savings Deposits	16	<u>145,498,920</u>	<u>135,396,342</u>
		504,754,855	492,868,363
Non-Interest Bearing:			
Payables and Accruals	19	82,622,541	60,250,333
Deferred Income	20	<u>2,359,100</u>	<u>2,833,375</u>
		84,981,641	63,083,708
TOTAL CURRENT LIABILITIES		<u>589,736,496</u>	<u>555,952,071</u>
TOTAL CAPITAL AND LIABILITIES		<u>3,083,835,969</u>	<u>2,659,652,190</u>

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

**APPROVED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON MAY 14, 2021 AND
SIGNED ON ITS BEHALF BY:**


CALVIN ALLEN
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 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	2020 \$	2019 \$
INTEREST INCOME:			
Loans to Members		452,818,535	400,235,901
Liquid Assets	21	2,484,177	11,914,900
Financial Investments	21	70,427	160,930
		<u>455,373,139</u>	<u>412,311,731</u>
INTEREST EXPENSE:			
Saving Deposits		(63,667,932)	(47,370,231)
External Credits		(35,497,147)	(41,195,685)
Members' Deferred Shares		(3,715,474)	(2,430,958)
Other Financial Costs	22	<u>(1,550,706)</u>	<u>(1,407,235)</u>
		<u>(104,431,259)</u>	<u>(92,404,109)</u>
NET INTEREST INCOME		350,941,880	319,907,622
Fair Value adjustments to Investments		(3,292,870)	(212,309)
Increase in Provision for Loan Losses		<u>(15,351,491)</u>	<u>(13,204,965)</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS		<u>332,297,519</u>	<u>306,490,348</u>
NON-INTEREST INCOME			
Miscellaneous Income	23	<u>23,750,267</u>	<u>37,596,862</u>
GROSS INCOME		356,047,786	344,087,210
Less: Operating Expenses	24	<u>(310,530,215)</u>	<u>(308,427,941)</u>
NET INCOME BEFORE HONORARIA		45,517,571	35,659,269
Honoraria		<u>(4,500,000)</u>	<u>(3,500,000)</u>
NET INCOME AFTER HONORARIA		41,017,571	32,159,269
OTHER COMPREHENSIVE INCOME:			
Items that will or may be reclassified to profit or loss:			
Net change in Fair Value of Investments		13,189	989,895
Revaluation Gain on Property		-	8,311,500
Items that will not be reclassified to profit or loss:			
Remeasurement Gain on Retirement Benefit		<u>1,027,000</u>	<u>5,821,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>42,057,760</u>	<u>47,281,664</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 2020

SUMMARY

(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 2018 before Honoraria	-	(7,131,854)	7,131,854	-
Subscription for Permanent Shares	6,694,546	-	-	6,694,546
Entrance Fee	-	-	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)
Disaster Relief Fund	-	(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

SUMMARY (CONT'D)

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares	Non- Institutional Capital	Institutional Capital	Total
	\$	\$	\$	\$
Balance at 31st December 2019	162,555,205	122,573,110	109,260,348	394,388,663
Total Comprehensive Income for the Year	-	42,057,760	-	42,057,760
Transfer - 20% of Net Income for the year 2019 before Honoraria	-	(9,103,514)	9,103,514	-
Subscription for Permanent Shares	8,332,084	-	-	8,332,084
Entrance Fees	-	-	425,200	425,200
Appropriation of Net Surplus for 2019				
Dividend on Permanent Share	-	(16,255,521)	-	(16,255,521)
Donations	-	(323,042)	-	(323,042)
Education	-	(1,000,000)	-	(1,000,000)
Disaster Relief Fund	-	(414,853)	-	(414,853)
Memorial Scholarship	-	(800,000)	-	(800,000)
Disability Fund	-	(118,000)	-	(118,000)
Permanent Share Reserve Transfer	-	(1,000,000)	-	(1,000,000)
ATM Defrauded Provision	-	(3,000,000)	-	(3,000,000)
Transfers from Current Year Surplus:				
Injection to Stabilisation Reserve	-	12,790	-	12,790
Adjustment to Permanent Share Transfer Fund	-	145,656	-	145,656
	8,332,084	(31,856,484)	9,528,714	(13,995,686)
Balance at 31st December 2020	170,887,289	132,774,386	118,789,062	422,450,737

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 2020
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 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 of 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 carried forward	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 2020
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 2019 brought forward	3,051,210	74,040,966	16,996,000	1,554	16,347	1,055,618	27,411,415	122,573,110
Other Comprehensive Income								
Pension Income	-	-	1,027,000	-	-	-	-	1,027,000
Increase in Fair Value of Shares	13,189	-	-	-	-	-	-	13,189
Revaluation Reserve	-	-	-	-	-	-	-	-
Net Income After Honoraria	-	-	-	-	-	-	41,017,571	41,017,571
Total Comprehensive Income for the Year	13,189	-	1,027,000	-	-	-	41,017,571	42,057,760
Transactions with Owners								
Appropriation of Net Surplus for 2019								
Dividend on Permanent Share	-	-	-	-	-	-	(16,255,521)	(16,255,521)
Donations	-	-	-	-	-	-	(323,042)	(323,042)
Education	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Disaster Relief Fund	-	-	-	-	-	-	(414,853)	(414,853)
Memorial Scholarship	-	-	-	-	-	-	(800,000)	(800,000)
Disability Fund	-	-	-	-	-	-	(118,000)	(118,000)
Permanent Share Reserve Transfer	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Annual General Meeting Reserve	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Transfer to Retirement Benefit Reserve	-	-	1,555,000	-	-	-	(1,555,000)	-
Transfer - 20% of Net Income for the year 2019 before Honoraria	-	-	-	-	-	-	(9,103,514)	(9,103,514)
Adjustment to Special Reserve	-	-	-	-	12,790	-	-	12,790
Adjustment to Permanent Share Transfer Fund	-	-	-	-	-	145,656	-	145,656
Total Transactions with Owners	-	-	1,555,000	-	12,790	145,656	(33,569,930)	(31,856,484)
Balance at 31st December 2020	3,064,399	74,040,966	19,578,000	1,554	29,137	1,201,274	34,859,056	132,774,386

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 2020
INSTITUTIONAL CAPITAL
(Expressed in Jamaican Dollars unless otherwise indicated)

	Legal & Statutory Reserves \$	Retained Earnings Reserve \$	TOTAL \$
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	<u>7,131,854</u>	<u>-</u>	<u>7,131,854</u>
Balance at 31st December 2019	99,260,348	10,000,000	109,260,348
Entrance Fees	425,200	-	425,200
Transfer - 20% of Net Income for the year 2020 before Honoraria	<u>9,103,514</u>	<u>-</u>	<u>9,103,514</u>
Balance at 31st December 2020	<u>108,789,062</u>	<u>10,000,000</u>	<u>118,789,062</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 CASH FLOWS
YEAR ENDED 31ST DECEMBER 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

	2020	2019
	\$	\$
Total Comprehensive Income for year	42,057,760	47,281,664
Non - Cash items included in Comprehensive Income		
Depreciation	11,478,636	11,206,642
Expected Credit Losses on Loans	15,351,491	13,417,274
Revaluation of Quoted Shares	(13,189)	(989,895)
Revaluation Gain on properties	-	(8,311,500)
Pension Income	(2,582,000)	(6,937,000)
	66,292,698	55,667,185
(Increase) / Decrease in Operating Assets		
Accounts Receivable & Prepayments	(3,996,428)	49,223,182
Increase / (Decrease) in Operating Liabilities		
Payables and Accruals	22,372,208	5,856,547
Deferred Income	(474,275)	(472,979)
Cash Provided by Operating Activities	<u>84,194,203</u>	<u>110,273,935</u>
Cash Flows from Investing Activities		
Loans to Members	(348,781,130)	(230,314,113)
Financial Investments	2,996,927	(34,265,625)
Purchase of Property, Plant & Equipment	(8,906,865)	(7,899,897)
Net Cash Used in Investing Activities	<u>(354,691,068)</u>	<u>(272,479,635)</u>
Cash Flows from Financing Activities		
Savings Deposits	294,424,557	132,141,601
External Credits	1,783,914	(84,946,366)
Members' Voluntary Shares	55,267,364	55,865,532
Members' Deferred Shares	22,747,937	19,621,035
Members' Permanent Shares	8,332,084	6,694,546
Entrance Fees	425,200	695,000
Donations	(323,042)	(876,888)
Share Transfer Fund	145,656	636,516
Dividend Paid on Permanent Shares	(16,255,521)	(12,000,000)
Transfer from Undistributed Surplus	(1,000,000)	(1,000,000)
ATM Defrauded Provision	-	(1,000,000)
Annual General Meeting Reserve	(3,000,000)	-
Fair Value Reserve	13,189	989,895
Disaster Relief Fund	(414,853)	(629,936)
Disability Fund	(118,000)	(248,839)
Education & Scholarship Fund	(1,800,000)	(1,800,000)
Net Cash Provided by Financing Activities	<u>360,241,275</u>	<u>114,142,096</u>
Increase/(Decrease) in Liquid assets	89,744,410	(48,063,604)
Liquid Assets at beginning of year	<u>195,567,999</u>	<u>243,631,603</u>
Liquid Assets at end of year	<u>285,312,409</u>	<u>195,567,999</u>
Liquid Assets		
Cash and Bank Balances: Non-Earning	79,264,411	40,045,856
Cash and Bank Balances: Earning	<u>206,047,998</u>	<u>155,522,143</u>
	<u>285,312,409</u>	<u>195,567,999</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)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2020
(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.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31ST DECEMBER 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

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:

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements. Those standards which are considered relevant to the Credit Union were:-

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.

- (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 operations and has determined that none of these are likely to have an effect on 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 (CONT'D)
YEAR ENDED 31ST DECEMBER 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

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.

PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
(FORMERLY NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31ST DECEMBER 2020
(Expressed in Jamaican Dollars unless otherwise indicated)

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.

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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.

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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 3000 Permanent Shares. These shares are issued at a par value of \$1 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.

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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.

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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% (2019 - 0.2%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2019 - 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):

(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 rates are included 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 11.81% (2019 - 10.2%).

Covid 19

As a result of the financial impact the Credit Union implemented new measures to monitor and manage its capital. Measures included ongoing monitoring of sensitivity analyses to determine the impact of downward adjustment on regulatory ratios and projected profitability; and the level of capital adequacy and how additional capital could be raised if needed. Monitoring of increased provisioning through the Expected Credit Loss (ECL) and the correlation of defaults with loss given default (LGD); and Higher delinquency & loan write-offs.

5. Loans to Members:

	2020	2019
	\$	\$
Balance at Beginning of Year	2,227,274,404	1,996,960,291
Add: Loans Granted	<u>1,342,909,693</u>	<u>1,611,949,508</u>
	3,570,184,097	3,608,909,799
Less: Repayments and Transfers	<u>(994,128,563)</u>	<u>(1,381,635,395)</u>
	2,576,055,534	2,227,274,404
Less: Provision for Loan Impairment	<u>(60,830,190)</u>	<u>(45,478,699)</u>
	<u>2,515,225,344</u>	<u>2,181,795,705</u>
Loans are classified as follows:		
- Personal	2,576,001,090	2,227,098,431
- Educational	<u>54,444</u>	<u>175,973</u>
	<u>2,576,055,534</u>	<u>2,227,274,404</u>

6. Provision for Loan Impairment:

	2020	2019
	\$	\$
Balance at Beginning of Year	45,478,699	32,273,735
Increase in Expected Credit Losses (ECL)	<u>20,464,550</u>	<u>28,936,944</u>
	65,943,249	61,210,679
Less Reductions in Expected Credit Losses (ECL)	<u>(5,113,059)</u>	<u>(15,731,980)</u>
Balance at End of Year	<u>60,830,190</u>	<u>45,478,699</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 2020	Loan Loss Provision 2019
	\$	%	\$	\$
31-60 Days	6,699,840	Nil	-	-
61-90 Days	3,311,230	10	331,123	172,542
91-180 Days	15,214,246	30	4,564,274	3,863,619
181-364 Days	16,607,459	60	9,964,475	8,202,898
Over 365 Days	35,038,049	100	35,038,049	27,580,553
	<u>76,870,824</u>		<u>49,897,921</u>	<u>39,819,612</u>
			2020	2019
			\$	\$
Regulatory Loan Loss Provision			49,897,921	39,819,612
Less IFRS 9 Expected Credit Losses (ECL)			<u>60,830,190</u>	<u>45,478,699</u>
Excess over IFRS 9 Transferred to Loan Loss Reserve			<u>(10,932,269)</u>	<u>(5,659,087)</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 2020:

	Number in Arrears	Total Delinquent Loans	Savings held against Loans	Portion not covered by Savings
		\$	\$	\$
31 - 60 Days	17	6,699,840	607,606	6,092,234
61 - 90 Days	13	3,311,230	519,342	2,791,888
91 - 180 Days	40	15,214,246	1,124,814	14,089,432
181 - 364 Days	40	16,607,459	1,223,163	15,384,296
Over 365 Days	<u>145</u>	<u>35,038,049</u>	<u>2,894,416</u>	<u>32,143,633</u>
	<u>255</u>	<u>76,870,824</u>	<u>6,369,341</u>	<u>70,501,483</u>

7. Non-Current Assets - Financial Investments:

	2020	2019
	\$	\$
Fair Value through Other Comprehensive Income (FVOCI)		
NCB - Quoted Shares	1,718,760	2,359,680
Less Expected Credit Loss	<u>(21,375)</u>	<u>(675,484)</u>
	<u>1,697,385</u>	<u>1,684,196</u>
Fair Value through Profit and Loss (FVTPL)		
JCCUL - Un-quoted Shares	138,699	138,699
JCCUL - Permanent Shares	2,007,555	2,007,555
JCCUL - CUFMC Shares	1,200,000	1,200,000
JCCUL - Qnet Shares	902,984	902,984
Barita Investment	<u>36,703,274</u>	<u>40,204,716</u>
	<u>40,952,512</u>	<u>44,453,954</u>
	<u>42,649,897</u>	<u>46,138,150</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 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
Additions	-	-	556,329	-	8,350,536	8,906,865
31st December 2020	18,000,000	94,000,000	30,331,784	4,750,000	62,094,483	209,176,267
<u>Depreciation</u>						
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
Charge for the year	-	3,440,658	1,678,120	1,230,823	5,129,035	11,478,636
31st December 2020	-	24,990,724	18,192,206	1,709,727	45,064,298	89,956,955
<u>Net Book Values</u>						
31st December 2020	18,000,000	69,009,276	12,139,578	3,040,273	17,030,185	119,219,312
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

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, 2020.

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

	2020	2019
	\$	\$
Present Value of funded obligations	(74,423,000)	(65,306,000)
Fair Value of plan assets	<u>94,001,000</u>	<u>82,302,000</u>
Asset recognised in the Statement of Financial Position	<u>19,578,000</u>	<u>16,996,000</u>

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

	2020	2019
	\$	\$
Employer's Current Service Cost	(4,698,000)	(4,789,000)
Interest Cost on Obligation	(4,955,000)	(4,084,000)
Interest Income on Plan Assets	6,432,000	4,981,000
Past Service Cost	-	-
Administrative Expenses	<u>(602,000)</u>	<u>(499,000)</u>
Net Pension Expense recognised	<u>(3,823,000)</u>	<u>(4,391,000)</u>
Actuarial Gain on Obligation	2,050,000	3,732,000
Actuarial (Gain)/Loss on Plan Assets	<u>(1,023,000)</u>	<u>2,089,000</u>
Remeasurement Income	<u>1,027,000</u>	<u>5,821,000</u>

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

	2020	2019
	\$	\$
Net Asset at beginning of year	16,996,000	10,059,000
Pension Expense recognised	(3,823,000)	(4,391,000)
Remeasurements	1,027,000	5,821,000
Contributions Paid	<u>5,378,000</u>	<u>5,507,000</u>
Closing Net Asset at end of year	<u>19,578,000</u>	<u>16,996,000</u>

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9. Retirement Benefit Asset (Cont'd):

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

	<u>2020</u>	<u>2019</u>
Discount rate	7.0%	7.5%
Expected rate of return on plan assets	N/A	N/A
Expected future salary increases	5.0%	5.0%
Price Inflation	5.0%	4.0%
Pension Increases	2.5%	3.0%

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:

	<u>2020</u> <u>'000</u>	<u>2019</u> <u>'000</u>	<u>2018</u> <u>'000</u>	<u>2017</u> <u>'000</u>	<u>2016</u> <u>'000</u>
Fair Value of Plan Assets as previously reported	94,001	82,302	66,570	55,109	36,862
Adjustment as reflected in revised Actuarial Valuation	-	-	-	-	4,015
Revised Fair Value of Plan Assets	<u>94,001</u>	<u>82,302</u>	<u>66,570</u>	<u>55,109</u>	<u>40,877</u>
Defined Benefit Obligation as previously reported	74,423	65,306	56,511	42,391	24,073
Adjustment as reflected in revised Actuarial Valuation	-	-	-	-	4,909
Revised Defined Benefit Obligation	<u>74,423</u>	<u>65,306</u>	<u>56,511</u>	<u>42,391</u>	<u>28,982</u>
Surplus	<u>19,578</u>	<u>16,996</u>	<u>10,059</u>	<u>12,718</u>	<u>11,895</u>
<u>Experience Adjustments</u>					
Plan Assets (Loss)/Gain	(1,023)	2,089	(766)	910	2,008
Plan Liabilities (Gain)/Loss	(1,203)	2,493	(1,226)	540	451

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10. Current Assets - Earning:

	2020	2019
	\$	\$
<u>Liquid Assets:</u>		
CUFMC - CUMAX	79,583,688	77,536,136
CUFMC - CUMAX (Cucash)	119,353,248	69,509,392
CUFMC - CUMAX (Cupremium)	964,744	964,744
BNS (DBG) Investment	-	1,574,124
Money Masters Ltd.	6,146,318	5,937,747
	<u>206,047,998</u>	<u>155,522,143</u>
<u>Financial Investments:</u>		
	2020	2019
	\$	\$
<u>Amortised Costs:</u>		
JCCUL - Mortgage Fund	71,553	69,783
C.U.E.T.S. Deposit	46,762,621	46,273,065
	<u>46,834,174</u>	<u>46,342,848</u>

11. Current Assets - Non-Earning:

	2020	2019
	\$	\$
<u>Liquid Assets</u>		
<u>Cash and Bank Balances</u>		
Savings Account	656,730	656,730
Current Account	77,990,199	35,685,010
Cash on Hand	617,482	3,704,116
	<u>79,264,411</u>	<u>40,045,856</u>
<u>Receivables & Prepayments</u>		
	2020	2019
	\$	\$
Interest Receivable - Loans	50,156,323	43,421,445
Other Receivables & Prepayments	4,860,510	7,598,960
	<u>55,016,833</u>	<u>51,020,405</u>

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12. Members' Permanent Shares:

	2020	2019
	\$	\$
Balance at beginning of year	162,555,205	155,860,659
Net Subscriptions & Transfers	8,332,084	6,694,546
Balance at end of year	<u>170,887,289</u>	<u>162,555,205</u>

13. Non-Institutional Capital:

	2020	2019
	\$	\$
i) Revaluation & Building Reserve	74,040,966	74,040,966
ii) Retirement Benefit Asset Reserve	19,578,000	16,996,000
iii) General Reserve	1,554	1,554
iv) Special Reserve	29,137	16,347
v) Fair Value Reserve	3,064,399	3,051,210
vi) Share Transfer Fund	1,201,274	1,055,618
vii) Undistributed Surplus	<u>34,859,056</u>	<u>27,411,415</u>
	<u>132,774,386</u>	<u>122,573,110</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) Undistributed Surplus

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

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14. Institutional Capital:

	2020	2019
	\$	\$
Retained Earnings Reserve	10,000,000	10,000,000
Legal & Statutory Reserves (Note 15)	108,789,062	99,260,348
	<u>118,789,062</u>	<u>109,260,348</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:

	2020	2019
	\$	\$
Balance at beginning of year	99,260,348	91,433,494
Add: 20% of Net Income	9,103,514	7,131,854
Entrance Fees	425,200	695,000
Balance at end of year	<u>108,789,062</u>	<u>99,260,348</u>

16. Interest Bearing Liabilities - Savings Deposits:

	2020	2019
	\$	\$
<u>Non-Current</u>		
Special Deposits	904,971,343	625,039,039
Youth Savings Deposits	39,850,882	35,461,207
	<u>944,822,225</u>	<u>660,500,246</u>
<u>Current</u>		
Regular Savings and Deposits	91,793,116	87,599,575
Fixed Deposits	29,395	1,826,408
Christmas Savings Club	5,438,589	2,769,771
Golden Harvest Savings	7,028,137	4,670,069
Golden Harvest (7%)	22,998,180	23,237,125
Partner Plan	634,250	434,000
Standing Orders (Delinquent)	2,538,234	2,261,009
Standing Orders	15,039,019	12,598,385
	<u>145,498,920</u>	<u>135,396,342</u>
	<u>1,090,321,145</u>	<u>795,896,588</u>

17. Members' Voluntary Shares/Deferred Shares:

Voluntary Shares

	2020	2019
	\$	\$
Balance at beginning of year	997,232,626	941,367,094
Add : Subscription/Dividends Paid	309,836,414	316,246,948
	1,307,069,040	1,257,614,042
Less: Transfers	(254,569,050)	(260,381,416)
Balance at end of year	<u>1,052,499,990</u>	<u>997,232,626</u>

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17. Members' Voluntary Shares/Deferred Shares (Cont'd):

Deferred Shares	2020	2019
	\$	\$
Balance at beginning of year	51,578,584	31,957,549
Additions for the year	<u>22,747,937</u>	<u>19,621,035</u>
Balance at end of year	<u>74,326,521</u>	<u>51,578,584</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:

	2020	2019
	\$	\$
Loans - JCCUL / CUFMC	214,255,935	237,472,021
Loans - Barita Ltd	35,000,000	-
Loans - Sagicor Bank	<u>110,000,000</u>	<u>120,000,000</u>
	<u>359,255,935</u>	<u>357,472,021</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. Additional loans of One Hundred and Thirty Million, Four hundred thousand dollars (\$130.4m) was taken in the current year. The purposes are for liquidity support and off-lending. The interest rates on these loans ranged between 6% and 10.5% and are secured by the hypothecation of deposits and legal mortgage stamped on property. All amounts outstanding are due for repayment over the next 5 years.

19. Non-Interest Bearing Liabilities:

	2020	2019
	\$	\$
<u>Accounts Payable & Accruals</u>		
Deceased Estate Accounts	10,474,263	9,883,602
ATM Payable	8,808,555	8,088,679
Bill Express Payable	8,858,469	99,251
Withheld Tax Payable	16,816,642	10,591,650
Interest Charges Payable	165,047	288,732
Dividend Payable	1,111	409,758
Accruals	367	367
Audit Fees Accrued	1,090,997	798,782
Conec Mobile Wallet	80,505	80,505
Memorial Scholarship Grant	800,000	-
Staff Expenses Accrued	24,348,353	16,937,556
NHT Micro-Finance Payable	1,625,479	-
Other	<u>6,294,429</u>	<u>9,684,989</u>
	<u>79,364,217</u>	<u>56,863,871</u>
<u>Other Provisions</u>		
Restoration Reserve	420,033	420,033
Donation Provision	-	31,923
Disaster Relief Fund	1,909,156	2,000,001
Disability Fund	950,000	932,000
Scholarship Reserve / Education Provision	1,180	1,180
Building Improvement Reserve	1,325	1,325
Opening balance difference	<u>(23,370)</u>	<u>-</u>
	<u>3,258,324</u>	<u>3,386,462</u>
	<u>82,622,541</u>	<u>60,250,333</u>

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20. Deferred Income:

	2020	2019
	\$	\$
Injection for IFRS 9 Implementation	2,833,375	3,306,354
Depreciation charge for Upgrade to Computer Software	<u>(474,275)</u>	<u>(472,979)</u>
	<u>2,359,100</u>	<u>2,833,375</u>

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

21. Liquid Asset and Financial Investment Income:

	2020	2019
	\$	\$
(i) Liquid Assets		
Term Deposits	<u>2,484,177</u>	<u>11,914,900</u>
(ii) Financial Investments		
Shares-JCCUL	60,227	124,210
NCB Shares	<u>10,200</u>	<u>36,720</u>
	<u>70,427</u>	<u>160,930</u>

22. Financial Costs:

	2020	2019
	\$	\$
Bank Charges	<u>1,550,706</u>	<u>1,407,235</u>

23. Miscellaneous Income:

	2020	2019
	\$	\$
Fees and Commission	7,363,497	7,166,874
Loan Administration Fee	12,379,849	26,869,675
Internet Banking Income	45,805	37,055
ATM Fee Income	2,254,552	2,305,648
Recovered Income	687,346	671,971
Sale of Rule Books	53,415	72,660
Other Income	491,528	-
Injection from JCCUL Stabilisation re Implementation of IFRS9	<u>474,275</u>	<u>472,979</u>
	<u>23,750,267</u>	<u>37,596,862</u>

24. Operating Expenses:

	2020	2019
	\$	\$
Personnel Expenses:		
Salaries & Wages	153,230,835	148,533,353
Employer's Statutory Contribution	16,875,781	15,424,987
Staff Training & Welfare	7,421,289	7,310,137
Staff Travel & Subsistence	14,603,030	15,018,150
Group Life Insurance	1,152,611	1,737,922
Pension	<u>5,044,745</u>	<u>5,718,768</u>
	<u>198,328,291</u>	<u>193,743,317</u>

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24. Operating Expenses (Cont'd):

	2020	2019
	\$	\$
Members Security:		
Golden Harvest Insurance	203,003	188,635
Life Saving & Loan Protection Insurance	23,669,960	21,064,082
Cumis Bond	1,155,245	770,107
	<u>25,028,208</u>	<u>22,022,824</u>

	2020	2019
	\$	\$
Marketing & Promotion:		
Advertising & Public Relations	5,316,623	4,411,856
Promotion	411,990	1,558,388
Christmas Gifts	1,468,540	1,163,060
	<u>7,197,153</u>	<u>7,133,304</u>

	2020	2019
	\$	\$
Administrative Expenses:		
Repairs & Maintenance	6,127,094	4,616,076
Depreciation	11,478,635	11,205,932
Rent	4,962,569	5,210,862
Audit Fees	1,533,525	1,270,500
Internal Audit	-	608,645
Professional & Consulting Fees	7,641,699	4,232,682
Security	2,992,576	2,534,739
Stationery	3,558,477	3,343,855
Office Supplies	1,726,433	1,821,861
Insurance - Premises & Assets	1,387,636	1,356,337
Electricity	5,635,035	5,334,121
Telephone	5,894,653	4,907,835
Water Rates & Taxes	976,401	810,368
Cable Television Charges	397,984	836,467
Donations	1,325,023	1,917,261
Miscellaneous	5,279,871	5,566,822
	<u>60,917,611</u>	<u>55,574,363</u>

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24. Operating Expenses (Cont'd):

	2020	2019
	\$	\$
Representation & Affiliation:		
League Fees	5,147,230	4,836,093
Stabilization Dues	1,793,129	2,407,683
Annual General Meeting - League	35,000	2,339,328
Annual General Meeting - Members	472,728	3,092,944
Funeral Aid (Staff & Committee)	300,000	300,000
Travel and Subsistence - Volunteers	8,533,593	8,594,229
Meetings and Seminars - Volunteers	398,792	5,079,429
Members' Welfare	76,750	1,035,453
ATM Participation Fee	2,301,730	2,268,974
	<u>19,058,952</u>	<u>29,954,133</u>
Total Operating Expenses	<u>310,530,215</u>	<u>308,427,941</u>

25. Appropriations:

	2020	2019
	\$	\$
Previous Year's Surplus:		
Education/Scholarship Reserve	800,000	1,800,000
PEP Grant	1,000,000	-
ATM Defrauded Provision	-	1,000,000
Donation	323,042	876,888
Dividends Paid on Permanent Shares	16,255,521	12,000,000
Disaster Relief Fund	414,853	629,936
Disability Assistance Fund	118,000	248,839
Permanent Share Reserve Transfer	1,000,000	1,000,000
Honoraria	4,500,000	3,500,000
Annual General Meeting Reserve	3,000,000	-
	<u>27,411,416</u>	<u>21,055,663</u>

26. Comparison of Ledger Balances:

	Permanent Shares \$	Voluntary Shares \$	Loans \$	Savings Deposits \$
General Ledger	170,887,289	1,052,449,258	2,576,055,534	1,090,318,596
Personal Ledger	<u>170,887,289</u>	<u>1,052,449,258</u>	<u>2,576,055,533</u>	<u>1,090,318,596</u>
Differences 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Differences 2019	<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 during the year was 68 (2019: 68)

	\$		
Total Shares	53,581,394		
Total Loans	149,607,862		
	<u>Amount</u>	<u>Loans</u>	<u>Shares</u>
	\$	\$	\$
Staff	48	81,478,539	25,017,144
Directors	9	43,634,224	18,419,708
Supervisory & Credit Committee	10	24,495,099	10,144,542
	<u>67</u>	<u>149,607,862</u>	<u>53,581,394</u>

No waiver was granted on the above loans. As at 31st December 2020 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 \$1,155,245 (2019: \$770,107).

(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 \$23,669,960 (2019: \$21,064,082).

(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 \$1,387,636 (2019: \$1,356,337).

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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.

Impact of COVID 19

In March 2020, The World Health Organization (WHO) announced the novel coronavirus, Covid-19 outbreak, a global pandemic; subsequently the Government of Jamaica declared the island a disaster zone on March 13, 2020. The fast spread and consequent containment measures to suppress its impact have been the closure of the country's borders, physical distancing requirements, quarantine and stay at home orders for nonessential services, have resulted in disruptions, which have negatively affected fiscal activities and business operations worldwide.

The Credit Union response to the pandemic was to establish an Emergency Management Committee in addition to the Risk Management Committee, with the primary focus of mitigating Occupational Health and Safety, Marketing, Monitoring and Communications risk as well as reducing the financial impact of the coronavirus on its operations. The Committee meets monthly or as required to discuss and implement strategies and plans for managing the liquidity and capital needs of the Credit Union during the Pandemic. Several of measures are formulated around

Several of measures are formulated around financial risk management that includes:

- i) A Liquidity Recovery Plan which includes: Identifying and assessing the adequacy of financial resources and access to line of credit for contingent needs; Performing stress testing to determine the support needs; Assessing the inflow and outflow of funds (financial resources); Implementing measures geared at strengthening the Credit Union's capital base and defining standards and determination of procedures to ensure that the plan can be performed in timely manner.
- ii) Measures to assist customers during the crisis, such as loans restructuring and repayment issues.

(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.

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

(a) Credit Risk (cont'd):

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.

(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	108 months
2)	3 : 1	Demand Loan	24 months
3)	5 : 1	Personal Loan	180 months
4)		Easy Access Loan	50 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>2020</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Loans to Members before				
Expected Credit Loss	2,499,184,710	10,011,071	66,859,753	2,576,055,534
Expected Credit Loss	8,132,928	2,751,977	49,945,285	60,830,190
	<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	2,227,613,197
Expected Credit Loss	4,385,338	2,429,005	38,664,356	45,478,699

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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 ninety-one percent (91%) (2019 - 85%) 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:

	2020	2019
	\$	\$
Loans to members, (net)	2,515,225,344	2,181,795,705
Liquid assets-earning	206,047,998	155,522,143
Financial investments	89,484,071	92,480,998
Liquid assets-non-earning	79,264,411	40,045,856
Receivables and prepayments	55,016,833	51,020,405
	<u>2,945,038,657</u>	<u>2,520,865,107</u>

Covid 19

As a direct consequence of the pandemic there has been rapid adverse changes in the economic environment causing a high level of uncertainty. The lack of information has driven Management to exercise the use of significant judgement in determining the expected credit losses (ECLs) in relation to the Credit Union's financial assets measured at amortized costs its Lending facilities.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year is discussed below.

- i) Measurement of the expected credit loss allowance the impact of Covid-19 on the Credit Union' ECLs has been determined by taking into consideration the effect of revised macroeconomic estimates, the effect of a change in the prospect weightings of circumstances and the impact on staging based on the quality of the credit pre Covid-19.
- ii) The areas involving significant judgement are as follows: Determining criteria for a significant increase in credit risk; Determining estimates of macroeconomic variables.
- iii) Loans receivables was impacted by the credit risk. The Credit Union has recognized increase impairment provisions in relation to loans receivable of \$15,351,492.

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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 0.48 to 1 (2019: 0.35 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.

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	No Specific maturity \$	Total \$
NON-CURRENT ASSETS							
Earning:							
Loans to Members - Net of Provision for Loan Impairment	-	12,488,471	25,650,014	1,132,456,992	1,170,641,785	173,988,080	2,515,225,343
Financial Investments	-	-	-	-	-	42,649,897	42,649,897
CURRENT ASSETS							
Earning:							
Liquid Assets	-	206,047,998	-	-	-	-	206,047,998
Financial Investments	-	46,834,174	-	-	-	-	46,834,174
Non-Earning:							
Liquid Assets	79,264,411	-	-	-	-	-	79,264,411
Receivables	49,676,036	-	-	-	-	-	49,676,036
TOTAL ASSETS	128,940,447	265,370,643	25,650,014	1,132,456,992	1,170,641,785	216,637,977	2,939,697,859

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

b) Liquidity 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 \$
NON-CURRENT LIABILITIES							
Interest Bearing:							
Savings Deposits	-	-	-	904,971,343	39,850,882	-	944,822,225
Members' Voluntary Shares	-	-	-	-	1,052,499,990	-	1,052,499,990
Members' Deferred Shares	-	-	-	74,326,521	-	-	74,326,521
CURRENT LIABILITIES							
Interest Bearing:							
External Credit	-	-	-	359,255,934	-	-	359,255,934
Savings Deposits	15,039,019	-	5,467,985	22,998,180	10,200,622	91,793,115	145,498,920
Non-Interest Bearing:							
Payables and Accruals	-	-	82,622,541	-	-	-	82,622,541
Deferred Income	-	-	-	-	-	2,359,100	2,359,100
TOTAL LIABILITIES	15,039,019	-	88,090,525	1,361,551,978	1,102,551,493	94,152,215	2,661,385,231
TOTAL LIQUIDITY GAP	113,901,428	265,370,643	(62,440,512)	(229,094,986)	68,090,292	122,485,762	278,312,628
CUMULATIVE GAP	113,901,428	379,272,071	316,831,559	87,736,574	155,826,866	278,312,628	-
2019							
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
TOTAL LIABILITIES	12,598,385	-	64,846,512	1,057,326,769	1,040,058,912	90,432,950	2,265,263,528
TOTAL LIQUIDITY GAP	71,781,232	212,927,171	(43,928,549)	(375,751,532)	181,266,577	202,620,036	248,914,935
CUMULATIVE GAP	71,781,232	284,708,403	240,779,854	(134,971,678)	46,294,899	248,914,935	-

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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 2020 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 27% or \$640,920 movement for the year 2020 (2019 - \$569,040 or 32%). 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 \$64,092 (2019 - \$56,904).

(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>2020</u>		<u>2019</u>	
	Interest Rate %	\$	Interest Rate %	\$
Financial Assets				
Loans to Members after Provision	7.99 - 20	2,515,225,343	7.99 - 20	2,181,795,705
Liquid Assets - Amortised Cost				
JCCUL Certificate of Deposit	-	-	1.05	77,536,136
JCCUL Cucash	-	-	1.05	69,509,392
JCCUL Cupremium	-	-	2.4	964,744
BNS(DB&G)	0.4	-	0.4	1,574,124
Money Masters Ltd			2	5,937,747
Financial Investments -				
Amortised Cost Securities	1.05 - 2.5	46,834,174	1.9 - 4	46,342,848
		<u>2,562,059,517</u>		<u>2,383,660,696</u>
Financial Liabilities				
Savings Deposits	3.0 - 8.0	1,090,318,596	3.0 - 8.0	795,896,588
External Credits	10.75 - 13.0	359,255,934	10.75 - 13.0	357,472,021
		<u>1,449,574,530</u>		<u>1,153,368,609</u>
		<u>1,112,484,986</u>		<u>1,230,292,087</u>
Sensitivity Analysis - Interest rate sensitivity				
			<u>2020</u>	<u>2019</u>
Change in basis			-100	-100
points			+100	+100

The disclosures provided in this note are based on the Credit Union's investment portfolio as at 31st December 2020.

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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>2020</u>		<u>2019</u>	
	Interest Rate		Interest Rate	
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
Financial Assets				
Loans to Members after Provision	-	-	-	-
Liquid Assets - Amortised Cost				
JCCUL Certificate of Deposit	-	-	-0.8	(620,289)
JCCUL Cucash	-	-	-1.25	(868,867)
JCCUL Cupremium	-	-	-1.45	(13,989)
BNS(DB&G)	-0.575	-	-0.575	(9,051)
Financial Investments -				
Amortised Cost Securities	1.95	913,266	1.95	902,325
		913,266		(338,968)
Financial Liabilities				
Savings Deposits	-6	(65,419,116)	-6	(47,753,795)
		(65,419,116)		(47,753,795)
		<u>66,332,382</u>		<u>47,414,827</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	-	12,488,471	25,650,014	1,132,456,992	1,170,641,787	173,988,080	2,515,225,344
Financial Investments	-	-	-	-	-	42,067,375	42,067,375
<u>CURRENT ASSETS</u>							
Earning:							
Liquid Assets	-	206,047,998	-	-	-	-	206,047,998
Financial Investments	-	46,834,174	-	-	-	-	46,834,174
Non-Earning:							
Liquid Assets	79,264,411	-	-	-	-	-	79,264,411
Receivables	49,676,036	-	-	-	-	-	49,676,036
TOTAL ASSETS	128,940,447	265,370,643	25,650,014	1,132,456,992	1,170,641,787	216,055,455	2,939,115,338

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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>NON-CURRENT LIABILITIES</u>							
Interest Bearing:							
Savings Deposits	-	-	-	904,971,343	39,850,882	-	944,822,225
Members' Voluntary Shares	-	-	1,052,499,990	-	-	-	1,052,499,990
Members' Deferred Shares	-	-	-	74,326,521	-	-	74,326,521
<u>CURRENT LIABILITIES</u>							
Interest Bearing:							
External Credit	-	-	359,255,935	-	-	-	359,255,935
Savings Deposits	15,039,019	-	5,467,985	22,998,180	10,200,622	91,793,066	145,498,872
Non-Interest Bearing:							
Payables and Accruals	-	-	-	-	-	82,622,541	82,622,541
Deferred Income	-	-	-	-	-	2,359,100	2,359,100
TOTAL CAPITAL AND LIABILITIES	15,039,019	-	1,417,223,910	1,002,296,044	50,051,504	176,774,707	2,661,385,184
TOTAL LIQUIDITY GAP	113,901,428	265,370,643	(1,391,573,896)	130,160,948	1,120,590,283	39,280,748	277,730,154
CUMULATIVE GAP	113,901,428	379,272,071	(1,012,301,825)	(882,140,877)	238,449,407	277,730,155	-
2019							
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
TOTAL LIABILITIES	12,598,385	-	64,846,512	1,057,326,769	1,040,058,912	90,432,950	2,265,263,528
TOTAL LIQUIDITY GAP	71,781,232	212,927,171	(43,928,549)	(375,751,532)	181,266,577	202,620,036	248,914,935
CUMULATIVE GAP	71,781,232	284,708,403	240,779,854	(134,971,678)	46,294,899	248,914,935	-

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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 2020 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	-	-	4,249,272	4,249,272
Quoted Investments at Fair Value	1,718,760	-	-	1,718,760
	<u>1,718,760</u>	<u>-</u>	<u>4,249,272</u>	<u>5,968,032</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:

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial Assets:				
<u>Earning</u>				
Loans to Members	2,515,225,344	2,515,225,344	2,181,795,705	2,181,795,705
Financial Investments	89,484,071	89,484,071	92,480,998	92,480,998
Liquid Assets	206,047,998	206,047,998	155,522,143	155,522,143
<u>Non-Earning</u>				
Liquid Assets	79,264,411	79,264,411	40,045,856	40,045,856
Receivables & Prepayments	55,016,833	55,016,833	51,020,405	51,020,405

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

(d) Fair Value (cont'd):

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial Liabilities:				
<u>Interest Bearing</u>				
Savings Deposits	1,090,321,145	1,090,321,145	795,896,588	795,896,588
Members' Voluntary Shares	1,052,499,990	1,052,499,990	997,232,626	997,232,626
Members' Deferred Shares	74,326,521	74,326,521	51,578,584	51,578,584
External Credit	359,255,935	359,255,935	357,472,021	357,472,021
<u>Non - Interest Bearing</u>				
Payables & Accruals	<u>82,622,541</u>	<u>82,622,541</u>	<u>60,250,333</u>	<u>60,250,333</u>

Resolution

RESOLUTION FOR RULE CHANGES WHEREAS:

WHEREAS Section 11 of The Co-operative Societies Act and Regulation 41 of The Co-operative Societies (Amendment) Regulations, 2021 provide for the amendment of Rules;

WHEREAS Article XXIV, Rule 76 allows for amendments to the Rules of the Public Sector Employees Co-operative Limited; and

WHEREAS Article XII, Rule 55 is being proposed for amendments in the Rules of the Public Sector Employee Co-operative Credit Union Limited; and

WHEREAS it is being proposed that meetings of members may be conducted by attendance at a physical location, or by virtual-only or by hybrid-meeting; and

WHEREAS electronic attendance shall be construed as if the members were present at the physical location where the meeting is being convened; and

WHEREAS members attending meetings through electronic media shall constitute the quorum for a legally convened meeting of members of the Society; and

WHEREAS The Co-operative Societies (Amendment) Regulations 2021 dealing with the holding of general meetings in co-operative societies were promulgated on the 15th of January 2021;

WHEREAS Public Sector Employees Co-operative Credit Union has agreed to adopt and accept all the interpretations so ascribed under the said regulations:

BE IT RESOLVED that Article XII, Rule 55 which now reads:

(i) The supreme authority in the Credit Union is vested in the General Meeting of members at which every member has a right to attend and vote on all questions; and

(ii) The first General Meeting of members after registration of the Credit Union shall be called the First Annual General Meeting, and shall have the same powers as are herein given to the Annual General Meeting

BE AMENDED TO READ by adding the following additional sentences after the current sentences:

(iii) References to a “meeting” shall mean a meeting convened and held in a physical location only or via virtual-only and/or in a hybrid manner through a combination of both a physical and

Resolution

electronic communication system. Members shall be deemed to be present at that meeting for all purposes of the Rules, applicable laws, and the Co-operative Societies (Amendments) Regulations 2021 and said attendance shall be construed to allow the member present in any one of these mediums to attend and fully participate in any such meetings.

(iv) A member's participation in the business of a general meeting shall include, without limitation, the right to communicate, to vote, and to have access in hard copy or electronic form all documents which are required to participate in the business of a general meeting; and participation in such a meeting shall constitute presence in person at such meeting and shall count towards the quorum and for all other voting processes.

v) References to "electronic communication system" shall include, without limitation, webcast, video, or any form of conference call systems (telephone, video, web or otherwise) and other communication of any sound, document, and or other data.

(vi) If a separate meeting place is linked to the main place of a general meeting by an electronic communication system, such member present at the separate meeting place shall be taken to be present at the general meeting and entitled to exercise all rights as if the member was present at the main physical location.

(vii) All general meetings (including a Special or Annual General Meeting, any adjourned meeting or postponed meeting) may be held as a physical, virtual-only or hybrid-meeting.

(viii) A virtual-only or hybrid-meeting may be held in Jamaica and any part of the world and at one or more locations as may be determined by the Board of Directors in its absolute discretion; however, the principal place and time of such meeting shall be construed to be held in the jurisdiction of Jamaica.

(ix) Votes (whether by a show of hands or ballot or by way of a poll) may be cast through or by electronic means or otherwise, in keeping with the Co-operative Societies (Amendment) Regulations 2021

(x) If voting is to take place at the meeting, there must be reasonable measures in place to verify that every person voting at the meeting by means of electronic communication system is sufficiently identified, and the Secretary shall keep a record of any vote or action taken.

(xi) The provision of these Rules shall apply, with any necessary modification, to hybrid-meetings and virtual-only meetings.

Resolution

BE IT RESOLVED THAT Article XII, Rule 59 which now reads:

At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the Head Office and at each branch of the Credit Union and shall cause written notice to be placed in the national print, electronic media, text messages, radio, website postings, in person or mailed to each member at his address or e-mail address that appears in the records of the Credit Union.

BE AMENDED BY ADDING SUB-RULES (i) AND (ii) AT RULE 59 TO READ:

- (i) Where an Annual or Special General Meeting is either virtual-only or hybrid-meeting, the Secretary shall cause the notice of the meeting to provide instructions for attendance and participation, including voting by members electronically, and an electronic link for attendees.
- (ii) Where the meeting is held as a hybrid-meeting or virtual-only meeting and during the meeting a number of members participating, virtually, cease to be able to participate in the meeting, at any time and for any period during the meeting, in such numbers that the quorum requirement for that meeting is not met, all business transacted at that meeting, including matters put to the vote and any resolution passed, shall be void.

BE IT RESOLVED THAT ARTICLE XXIV, RULE 76 (AMENDMENTS TO THESE RULES) which now reads:

These Rules may be amended by a resolution of the members at any Annual General Meeting or Special General Meeting called for the purpose by three fourths vote of those present and entitled to vote; provided a copy of the proposed amendment together with a written notice of the meeting shall have been issued as stipulated by Article XII Rule 59 of these rules. No amendment shall become operative until it has been approved by the Registrar in accordance with the Act.

Resolution

BE AMENDED TO READ:

These Rules may be amended by a resolution of the members at the Annual General Meeting or Special General Meeting, called in accordance with Article XII, Rule 59 for the purpose, by at least three-fourth votes of those present either an in-person, Virtual-only or at a Hybrid-meeting and entitled to vote, provided a copy of the proposed amendments together with a written notice of the meeting shall have been sent to each member by electronic means and printed in one daily newspaper, at least seven (7) days before the said meeting. No amendment shall become operative until it has been approved by the Registrar in accordance with the Act.

All amendments are to be operational immediately and are binding upon members, consequent upon approval at this general meeting of members and subject to certification by the Registrar of Co-operative Societies.

Moved by: _____

Seconded by: _____

Date: _____

There were persons present at the time of voting

Voted for: (In-person votes) _____

(Online votes) _____

Against: (In-person votes) _____

(Online votes) _____

Abstained: (In-person votes) _____

(Online votes) _____

Signed:

PRESIDENT

.....

SECRETARY

Resolution

Distribution of Surplus

Your Board of Directors recommend for your approval the appropriation of the undistributed surplus of Thirty Four Million Eight Hundred and Fifty Nine Thousand and Fifty Six Dollars (JA\$34,859,056.00) to be apportioned as follows:

DETAIL	AMOUNT (\$)
Dividend (on Permanent Shares)	20,000,000.00
Permanent Share Transfer Fund	2,000,000.00
Honoraria	5,000,000.00
Annual General Meeting Reserve	4,000,000.00
Debit Card Provision	2,000,000.00
Memorial Scholarship	800,000.00
PEP Grant	1,000,000.00
Undistributed	59,056.00
Total	34,859,056.00

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

**NOW YOU CAN
CONSOLIDATE UP TO
\$2,000,000.00**

in external debt with our

SUPER

Consolidation Loan

receive maximum \$500,000 in cash

borrow up to \$5,000,000.00

up to 120 months to repay

Effective July 15, 2021

(Banks and Credit Unions only)

Contact our Credit Department

876-224-4339

*conditions apply



**Public Sector
EMPLOYEES**
Co-operative Credit Union Limited



**Public Sector
EMPLOYEES**
Co-operative Credit Union Limited
'Where your financial security matters most'

DID YOU KNOW

Your **"Nomination Card"** acts as
a **"Will"** in the event of death.

Remember to come in and **update your
beneficiaries** as your life situation changes.

i.e: spouse, children, parents, friends, trustees, etc.



Michael Farquharson
Chairman



Carlene Allen
Secretary



Steven Watson
Member



Patsie Wallen-Lindsay
Member



Anthony Lewis
Member

Credit Committee

REPORT OF THE CREDIT COMMITTEE FOR YEAR ENDING 2020

The economic and social disruption cause by the Covid-19 pandemic is devastating. Tens of millions of people are at risk of falling into extreme poverty and without the means to earn, many are unable to feed themselves and their families. We, therefore, give thanks for our position and for the financial resources of our Credit Union being at our disposal.

No doubt 2020 was a very difficult year for the world, we all have been affected by this pandemic. As challenging as it was, the Credit Union has taken prudent and meaningful measures in bringing innovative tools and services to you our members, in providing genuine compassion and relevant financial solution through customer service.

With online and mobile financial services, the pandemic saw where e-banking has become paramount. The Credit Union was proactive in this area, where members could have access to money without physically entering the Credit Union.

On March 1, 2020, there was a 25% top up on the Easi Access loan and on December 1, 2020 another top up was done of 11.11% with no additional payment increase. We use technological advancements to ensure that you our members have access to a wide range of financial products and services that are tailored to meet your needs, while making sound decisions that will ensure your financial success.

At our last Annual General meeting held on Friday, October 16, 2020 at the Jamaica Pegasus Hotel, Kingston, the following members, who retired and made themselves available for nomination, namely: Mrs. Patsie Wallen-Lindsay, Mrs. Carlene Allen and Mr. Anthony Lewis were re-elected and return to serve for another two (2) years.

ATTENDANCE REPORT JANUARY 2020 – DECEMBER 2020

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

Names	Scheduled Meetings	Present	Excused	Absent
Michael Farquharson, Chairman	27	26	1	Nil
Carlene Allen, secretary	27	27	Nil	Nil
Patsie Wallen-Lindsay, member	27	25	2	Nil
Anthony Lewis, member	27	24	3	Nil
Steven Watson, member	27	27	Nil	Nil

The Credit Committee ensures that all loans meet the required standards for approval in accordance with the rules, regulation, and policies of the Credit Union. As we expand our frontiers for funding, we are committed to the delivery of exceptional customer satisfaction and remain your financial institution of choice.

ACKNOWLEDGEMENT

The picture today is better than it was a year ago. We say thanks to you our membership for your vote of confidence in selecting us to serve you during 2020 and look forward to continuing our service to you. Thanks also to the Board of Directors, staff, and other Committees, for your support during the year, and we look forward to your support going forth.


.....
Michael Farquharson
Chairman


.....
Carlene Allen
Secretary

Supervisory Committee

REPORT OF THE SUPERVISORY COMMITTEE FOR YEAR ENDING 2020



Omar Drysdale
Chairman



Juniffer Dixon-Gordon
Secretary



Sancha Miller-McPherson
Member



Julian Oscar
Member



Jason Rodriguez
Member

It is my esteem pleasure to present the Supervisory Committee's report for the year ending 2020. The Public Sector Employees Co-operative Credit Union (PSECCU) has made a significant growth and seen profitability over the years especially within the last financial year. Kudos to the Management team, Staff, and volunteers for their collaborative effort in assisting the members to realize their financial aspirations.

We are very confident that the Credit Union not only epitomize itself as a premier financial institution but also provides high quality services to its members. These are noticeable features of the Credit Union which causes persons to be attracted and continue to do business.

Need I remind you that The Supervisory Committee operates as the "Oversight Body" for the general operations of the Credit Union. The Committee is vested with the duties and responsibilities to ensure that the Credit Union is in compliance with laws, bylaws, regulations, AGM regulations, directives of the Board of Directors, established policies and investigates unresolved complaints from members.

In accordance with good governance and practices, the Supervisory Committee is comprised of five (5) volunteer members who execute their functions completely independent of the Credit Union management and officials. At the 52 Annual General Meeting held at the Jamaica Pegasus Hotel in 2020, the following members were duly elected to serve on the Supervisory Committee:

- Omar Drysdale
- Jason Rodriques
- Juniffer Dixon-Gordon
- Sancha Miller-McPherson
- Julian Oscar

On Friday October 23, 2020, in keeping with rule 49, subsection (i) Society's rule, a special meeting was held by the Committee to choose the chairman and secretary. Mr. Omar Drysdale and Juniffer Dixon-Gordon were unanimously elected as Chairman and Secretary, respectively.

Names	Schedule meetings	Present	Excuse	Absent
Omar Drysdale	14	14	Nil	Nil
Juniffer Dixon-Gordon	14	9	5	Nil
Sancha Miller-McPherson	14	13	1	Nil
Julian Oscar	14	13	1	Nil
Jason Rodriques	5	5	Nil	Nil
Nigel Davis (former member)	9	9	Nil	Nil

On a monthly basis, the Committee would autonomously visit a selected branch of the Credit Union and subsequently prepare and submit a report to the Board of Directors of its finding(s) and recommendation(s) for greater efficiency. During the period of review, the Committee conducted a total of ten (10) visits at the head office and three (3) other branch offices were also visited. These visits are normally unannounced with the intent to inspect the daily operational activities of the branches to ensure that the Standards and regulations are being practiced unabatedly.

The Committee conducted audits and reviews on various areas of the operations and subsequent monthly reports sent to the Board. These include the following:

- Board of Director's minutes
- Surprise cash count
- Loan verification
- Delinquency loan portfolio
- Covid protocols
- Know your customer (KYC) compliance for new accounts
- Customer complaints
- Lodgment
- Loans to staff

In concluding, these are a few words I would like to share with you, 'Safe, Sound and Solid'. The Supervisory Committee having assessed the Credit Union's standards of operations can safely say with confidence that the Public Sector Employees Co-operative Credit Union continues to raise the bar in financial safety and soundness and not to mention, quality customer service.

Nonetheless, we are committed to the task of being the vanguards in ensuring that we remain vigilant representatives of our members' best interest and high-quality standards are maintained.

ACKNOWLEDGEMENT

We wish to record our warmest and sincere thanks to Mr. Nigel Davis our former chairman for his stalwart contribution to the Supervisory Committee over the past years. We would also like to congratulate and express our gratitude to Mr. Osmond Bromfield for accepting an extension of his contract to captain the ship. To the Board of Directors, Management, Credit Committee and staff for the support and cooperation given to us throughout the year. We are indeed grateful to the Administration portfolio for the educational opportunities which will empower us to be more efficient.

Last but not least, to the general membership, we appreciate your confidence shown by electing us to serve you for another term.

Thanks, cannot be enough; It is our commitment to continue to give selfless service to you and we wish for you a successful year.



Omar Drysdale
Chairman



Juniffer Dixon-Gordon
Secretary

Meet Our Team



Mr. Osmond Bromfield
Chief Executive Officer



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



Charles Tam
Deputy Chief Executive
Officer (Credit & Compliance)



Lisa Harry
Administration and
Support Services Manager



KellyAnn Dixon
Marketing and
Communications Manager



Tracey-Ann Francis
Credit Administration
Manager



Chezray Rodney
Information Technology
Manager



Kimone Cameron
Accounts Manager



Racquel Walters
Branch Supervisor
Portmore



Sheldon Francis
Branch Supervisor
Montego Bay



Alicia Graham-Carter
Branch Supervisor
Manchester



Patricia Dawson
Branch Supervisor
Saint Mary



Sharon Smith-Linton
Delinquency Officer



Davia Thawe
Loans Officer



Pete Morse
Accounts Officer



Alaine Williams
Accounts Officer



Tamara Newman
Executive Assistant



Denecia Facey
Marketing Assistant



David Clarke
Information
Technology Assistant



Rachelle Wellington
Senior Loans Clerk



Patricia McLawrence
Senior Loans Clerk



Kadene Saunders
Senior Accounts
Clerk



Crystal Scarlett
Senior Loans Clerk



Shanika Murdock
Loans Clerk



Kimoi Page
Accounts Clerk
Portmore



Neloresa Palmer
Loans Clerk
Saint James



Gavin Mighty
Accounts Clerk



Jodi-Ann Smith
Customer Care
Representative



Nicole Coley
Loans Clerk



Jodi-Ann McBean
Loans Clerk



Shavelle Edwards
Loans Clerk



Kimberley McDonald
Loans Clerk



Saneisha Thompson
Loans Clerk



**Deandra
Williams-Bygrave**
Loans Clerk



Kerryann Smith
Accounts Receivable
Clerk



Tamara Taylor
Records Clerk



Jannel Thompson
Loans Clerk



Justin Sang
Loans Clerk



Ava-Loi Walsh
Loans Clerk



Mishka Walker
Accounts Payables
Clerk



Theo Richards
Accounts Receivable Clerk



Tanya Dawkins
Office Attendant



Althia Douglas
Office Attendant



Donna Thompson
Office Attendant



Michelle James
Office Attendant



Monica Foster
Office Attendant



Devon McKoy
Security Personnel



Donovan Buchanan
Groundsman



Cebert Taylor
Company Driver

52nd Annual General Meeting Highlights



52nd Annual General Meeting Highlights



2020 Social Outreach Activities



2020 Social Outreach Activities



Nomination Committee Report

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 May 13, 2021, and in keeping with Rule 64, the Committee comprised of the persons named below:

1. Ms. Jeanette Davis – Chairperson (Board of Director)
2. Mrs. Carlene Allen - (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 2021 Annual General Meeting are:	Board of Directors Retiring at 2022 Annual General Meeting:
George Hunter	Calvin Allen
Christopher Murdock	Jeanette Davis
Errol Adams	Dacy-Ann Graham
Andrew Johnson	Eric Wint
	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:
George Hunter
Christopher Murdock
Errol Adams
Andrew Johnson

Nomination Committee Report

The Credit Committee current status is as follows:

Credit Committee Retiring at 2021 Annual General Meeting are:	Credit Committee Retiring at 2022 Annual General Meeting
Michael Farquharson	Carlene Allen
Steven Watson	Patsie Wallen-Lindsay
	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
Michael Farquharson
Steven Watson

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:
Omar Drysdale
Juniffer Dixon-Gordon
Julian Oscar
Sancha Miller-McPherson
Jason Rodriques
Okeeto DaSilva
Sharmitch Barnett

Nomination Committee Report

PROFILES OF CANDIDATES

BOARD OF DIRECTORS

1. **George Hunter:**

Mr. Hunter is a Deputy Superintendent of Police, Officer in charge of Administration in St. Thomas and have served the Jamaica Constabulary Force for over thirty (30) years. He served as a voluntary staff member at the Public Sector Credit Union for over 20 years, serving in various capacities to include Branch Manager for Region 2. He also served as Board of Director for over eight (8) years. Mr. Hunter holds a Bachelor's Degree in Human Resource Management, an Associate Degree in Business Studies, a Diploma in Computer Repairs & Technology and he is currently pursuing his Masters in Human Relation at the University College of the Caribbean (UCC).

2. **Errol Adams:**

Mr. Adams is a Deputy Superintendent of Police, serving the Jamaica Constabulary Force for thirty (30) years. Mr. Adams has been a volunteer at the Public Sector Credit Union for over 27 years, serving in various capacities, such as Supervisory Committee member for 13 years (1994-2006) and Board of Director Secretary for 16 years since 2005. Mr. Adams is certified in credit union Risk Management.

3. **Christopher Murdock:**

Mr. Murdock is a Deputy Superintendent of Police, serving the Jamaica Constabulary Force for over thirty (30) years. He has served as a volunteer in various capacities of the Credit Union since 2003, namely Credit Committee Chairman in 2004 and as Board of Director since 2015. Mr. Murdock is a trained Teacher, holding a Diploma in Education from Mico Teachers College.

4. **Andrew Johnson:**

Mr. Johnson is an Assistant Superintendent of Police, serving the Jamaica Constabulary Force for over eighteen (18) years. Mr. Johnson has served as General Secretary and Chairman of the Special Constabulary Force Association during the period 2008-2014. He became a member of the Board of Director at the Public Sector Credit Union in 2015. Mr. Johnson holds a Diploma in Hardware Maintenance & Repair from Vector Technology Institution (VTI), Certificates in Junior Command Course and Officer Field Command Course.

Nomination Committee Report

CREDIT COMMITTEE

1. Michael Farquharson:

Mr. Farquharson is a retired Sergeant of Police and has been a member of the Public Sector Employees Co-operative Credit Union since 1993. He has served as a volunteer in various capacities of the Credit Union for the past 20 years such as Credit Committee member (joined in 1999) and also as Chairman. Mr. Farquharson holds Certificates in Credit Management and Risk Management.

2. Steven Watson:

Mr. Watson is an Inspector of Police and has been employed to the Jamaica Constabulary Force for over twenty two (22) years. He has been a member of the Public Sector Employees Co-operative Credit Union since 1999 and has served on the Credit Committee since 2013, in the capacities of Credit Committee member and also Credit Committee Chairman.

SUPERVISORY COMMITTEE

1. Sancha Miller-McPherson:

Mrs. Miller-McPherson is employed to the Jamaica Constabulary Force (JCF) for over 16 years. She has served as a Supervisory Committee member at the Public Sector Employees Co-operative Credit Union since 2007 and has served in the capacity of Secretary and Assistant Secretary. She holds Certificates in Supervisory Management, Customer Relation, Credit Risk Assessment and Proceeds of Crime Act.

2. Juniffer Dixon-Gordon:

Mrs. Dixon-Gordon is a Sergeant of Police with twenty (20) 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 2009. She holds Certificates in Supervisory Management, Desktop Graphics, Proceeds of Crime Act, Credit Risk Assessment, Audit Techniques for Internal Auditors & Supervisory Committee.

3. Omar Drysdale:

Mr. Drysdale has been employed to the Jamaica Constabulary Force for the past thirteen (13) years and is currently stationed at the National Police College of Jamaica (NPCJ). Mr. Drysdale has served on the Supervisory Committee for the past seven (7) 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, Supervisory Management II (NPCJ) and Corporal Development Course.

Nomination Committee Report

4. **Julian Oscar:**

Ms. Oscar is a Corporal of Police, attached to the Security and Intelligence Branch (SIB). She was a former staff of the Public Sector Employees Co-operative Credit Union and has served on the Supervisory Committee for over six (6) years. She holds Certificates in Customer Relation, Supervisory Management, Credit Administration, Proceeds of Crime Act, Anti-money Laundering Act and Customer Service.

5. **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 18 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 and has served on the Supervisory Committee since October 2020.

6. **Okeeto DaSilva:**

Mr. DaSilva is an Attorney-At-Law, being called to the Jamaican bar in 2014 and has been working in the public sector for over six (6) years. He is currently employed as a Crown Counsel at the Office of the Director of Public Prosecutions (ODPP) since November 2017. He holds a Master of Law (LLM) from the University of South Wales, a Bachelor of Laws (LLB) from the University of London, Legal Education Certificate (LEC) from Norman Manley Law School and a Bachelor of Science (BSc) in Sociology from the University of the West Indies. Mr. DaSilva has been a member of the Credit Union since November 2020.

7. **Sharmitch Barnett:**

Ms. Barnett is an Assistant Superintendent of Police in charge of Administration at the St. Catherine North Division. She was a Teacher at Jamaica College for six (6) years teaching History and Caribbean Studies. She holds a MSc in Human Resource Management, BA in History and Psychology and a Diploma in Secondary Education (History and Social Studies). Ms. Barnett has been a member of the Credit Union since December 2014.

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



Ms. Jeanette Davis

Chairperson

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Calendar Year 2022

Holidays and Observances:

1 Jan	New Year's Day	18 Apr	Easter Monday	8 Aug	Independence Day	27 Dec	Christmas/Boxing Day Holiday
14 Feb	Valentine's Day	8 May	Mother's Day	17 Oct	National Heroes' Day	31 Dec	New Year's Eve
2 Mar	Ash Wednesday	23 May	Labor Day / May Day	24 Dec	Christmas Eve		
15 Apr	Good Friday	19 Jun	Father's Day	25 Dec	Christmas Day		
17 Apr	Easter Sunday	1 Aug	Emancipation Day	26 Dec	Boxing Day		

Notes

[illegible]



**Public Sector
EMPLOYEES**
Co-operative Credit Union Limited
'Where your financial security matters most'

**MERRY
CHRISTMAS!**

Celebrate with more cash using our **EASI - ACCESS LOAN**

Get up to 60 months to repay

**conditions apply*

Head Office

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Kingston 5

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929-8017 | 906-8017

Fax: (876) 920-2148 | 906-6579

Mob: (876) 822-5230 (Accounts)
(876)-224-4339 (Credit)

St. Catherine

Shop #6 Caribbean Estate Plaza, Portmore
Tel: (876)-632-6424 | 631-0335

St. James

Shop #10 Icon Mall, Fairview,
12 Crane Boulevard, Montego Bay
Tel: (876)-971-2306 | 979-3046
Fax: (876)-940-4720

St. Mary

Shop #10F Pompano Shopping Complex,
Tower Isle

Tel: (876) 975-5754 | 975-5649 | 619-3105

Manchester

9 Ward Avenue, Mandeville

Tel: (876)-625-8583 | 625-4240 | 619-3109

Fax: (876)-625-8583

Email: info@pseccreditunionja.com

Website: www.pseccreditunionja.com

Instagram: @pseccuja

Facebook: www.facebook.com/pseccuja

Twitter: twitter.com/pseccuja



Delinquent Loans as at June 30, 2021

Proposed for Charge Off

Below is a list of one hundred and sixty-six (166) members who have been delinquent for over 365 days. The total delinquent loan balances amounted to \$36,202,069.45.

MEMBER NAME	PRINCIPAL
ALLEN, DANE	122,720.48
ALLEN, SAMANTHA	425,140.97
BAILEY, MELBOURNE	12,600.00
BAILEY, STAFFORD	222,135.12
BECKFORD, NATALIE	185,977.59
BENJAMIN, ANDREW	88,540.33
BENJAMIN, ANDREW	30,543.21
BIBBON, ORION	167,870.00
BIBBON, ORION	120,152.93
BLACK, TEDISHA	47,687.70
BLACK, TEDISHA	343,250.21
BRISCOE, DAVID	304,995.42
BRISCOE, DAVID	16,844.32
BROWN, ALVIN	49,577.11
BROWN, ETHANIE	245,672.51
BROWN, ETHANIE	29,123.00
BROWN, ROHAN	17,667.00
BROWN, ROHAN	584,301.13
BRYDSON, ODANE	568,324.24
CAMPBELL, ADRIAN	164,334.39
CAMPBELL, ADRIAN	517,975.46
CAMPBELL, DOMINIC	154,170.75
CAMPBELL, HAKEEM	244,799.60
CAMPBELL, SHARON	186,035.79
CHRISTIAN, KAYE	800,316.06
CHRISTIAN, KAYE	8,502.11
CHUNG, HORACE	327,752.23
CHUNG, HORACE	79,000.39
CLARKE, SPURGEON	1,183,399.33
CLARKE, SPURGEON	105,492.89
CREARY, E, JOSHUA	3,533.40
CREARY, E, JOSHUA	16,555.99
DENNIS, SAKINA	108,434.88
DENNIS, SHELDON	260,674.13
DENNIS, SHELDON	58,500.00
DENNIS, SHELDON	18,165.75
DIXON, JONATHAN	573,023.21
DIXON, JONATHAN	18,180.46
DIXON, JONATHAN	27,225.00
DOUGLAS, JASON	20,246.11
DRUMMOND, DELLACETA	6,341.34
EBANKS, EDWARD	290,212.75
EDWARDS, DALE	35,562.00
EDWARDS, DALE	284,538.33

MEMBER NAME	PRINCIPAL
EDWARDS, KREIGHTON	140,170.88
ELLIS, SHELDON	116,421.57
FACEY, SUSAN	420,791.66
FERGUSON, ROGER	1,039,268.88
FOLKES, ADRIAN	75,885.51
FRANCIS, GLENFORD	516,010.58
FRANCIS, GLENFORD	305,720.00
FRANCIS, O, ROHAN	126,899.31
GIBSON, KEMAR	117,828.00
GIBSON, KEMAR	54,450.00
GRANSTON-BROOKS, LORRAINE	160,791.42
GRANT, ZADOK	377,664.62
GREEN, KIRTON	55,275.00
HARVEY, TYRONE	215,151.48
HENRIQUES, DWAYNE	203,458.66
HENRIQUES, DWAYNE	94,552.76
HENRY, DESMOND	73,610.20
HIRD-ELLINGTON, RUCHELL	242,360.83
HUDGSON, JEREMERAE	92,914.24
HYDE, GARNETT	167,791.48
JOHNSON, KRISHNA	423,252.87
JOHNSON, WESLEY	692,178.04
JONES, KEVIN	130,215.05
JOSEPH, TAMEKA	36,017.63
KING, KARLOS	383,080.22
KING, KARLOS	10,486.00
LAWRENCE, DEMPSEY	245,952.75
LEWIN, LIVINGTON	147,872.33
LEWIS, DERRON	30,329.18
LEWIS, LUMZERE	26,084.46
LINDSAY, RHYON	21,635.11
LINDSAY, RHYON	9,581.25
LYLE, GEORGETTE	518,624.87
LYLE, MIGEL	226,297.64
MANNING, CARLTON	79,651.72
MANNING, CARLTON	71,040.79
MANNING, CARLTON	140,176.60
MARCH, WAYNE	352,430.00
MARCH, WAYNE	62,983.18
MARTIN, KERICE	46,070.55
MATTHEWS, DAMES	532,887.85
MATTHEWS, DAMES	27,413.00

Delinquent Loans as at June 30, 2021

Proposed for Charge Off

MEMBER NAME	PRINCIPAL
MCKNIGHT, FABIAN	34,790.36
MORGAN, MIKHAIL	61,583.00
MORGAN, MIKHAIL	42,261.80
MORRISON, EVERALD	380,901.67
MORRISON, EVERALD	210,686.26
MURPHY, RUSHAINÉ	8,531.25
MURRAY, CARLTON	117,446.80
MYERS, DONVILLE	514,855.69
MYERS, DONVILLE	44,948.05
MYERS, JASON	478,947.61
MYRIE, DWAYNE	38,250.10
NELSON, CARLISA	65,809.23
NEWELL, DAVE	649,851.10
NEWSOME, CALVIN	189,831.42
NUGENT, SUZETTE	226,607.71
OATES, KENNETH	58,649.46
OSBOURNE, CARLTON	213,356.14
PALMER, EARL	23,533.95
PALMER, EARL	369,947.50
PALMER, KATIAN	101,260.72
PALMER, KATIAN	197,290.53
PALMER, SOPHIA	591,973.90
PARKER, REMONE	183,950.89
PARKES, HEIDI	94,851.31
PATTERSON, CLAUDE	176,439.86
PLUMMER, STEPHEN	9,826.42
PRYCE, BRIAN	34,277.37
PRYCE, O, BRIAN	34,277.37
RAMDEEN, RAMEES	63,745.00
RAMDEEN, RAMEES	147,218.76
RAMDEEN, RAMEES	83,017.68
REID, ANDRE	315,922.38
REID, PATRICK	27,997.58
REID, RYON	121,423.77
RICHARDS, DONOVAN	763,320.01
RICHARDS, DONOVAN	219,837.14
RICHARDS, KELVIN	287,623.00
RICHARDS, KELVIN	15,269.56
RICHMOND, A, MARSHA	445,346.38
RILEY, NATALIE	384,148.08
RILEY, NATALIE	77,025.10

MEMBER NAME	PRINCIPAL
ROSE, ASWORTH	10,985.00
ROSE, ASWORTH	389,107.07
ROWE, DAMION	46,800.00
ROWE, DAMION	6,455.62
SATCHWELL, ADRIAN	16,856.40
SATCHWELL, ADRIAN	273,939.45
SHALLAND, MICHAEL	74,158.32
SIMMS, GARRICK A.	459,282.16
SIMMS, GARRICK A.	98,966.12
SMIKLE, BENJAMIN	1,117,123.63
SPENCE, KIRK	301,469.62
SQUIRE, HANIF	10,120.97
STERLING, ANDREW	42,871.68
STEWARTSON, SHELDON	1,998.93
SWABY, SHERWIN	292,858.14
SWABY, SHERWIN	259,964.00
TEAPE, PEATE	20,700.59
THOMPSON, DELROY	241,250.59
THOMPSON, DELROY	96,110.07
TURNER, FABIAN	2,165.14
VASSELL, HAROLD	441,113.25
VASSELL, J, JUANITA	29,715.54
VASSELL, KAREEN	143,440.83
WALKER, JERMAINE	83,975.82
WALKER, LESLIE	778,783.59
WALKER, LESLIE	343,415.41
WARREN, CASINER	612,735.90
WATSON, ADRIAN	17,871.71
WATSON-TYRELL, SHANALEE	14,816.48
WILLIAMS, DWAYNE	173,355.18
WILLIAMS, JASON	494,289.22
WILLIAMS, JASON	70,247.22
WILLIAMS, R, TASH-HOY	2,018.62
WILLIAMS, ROXANNE	263,469.68
WILLIAMS, ROXANNE	159,490.97
WILLIAMSON, DARYL	76,515.15
WILSON, KATHLEEN	1,940,026.66
WISEMAN, DARCIA	649,137.58
WISEMAN, DARCIA	150,261.44
TOTAL	36,202,069.45

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

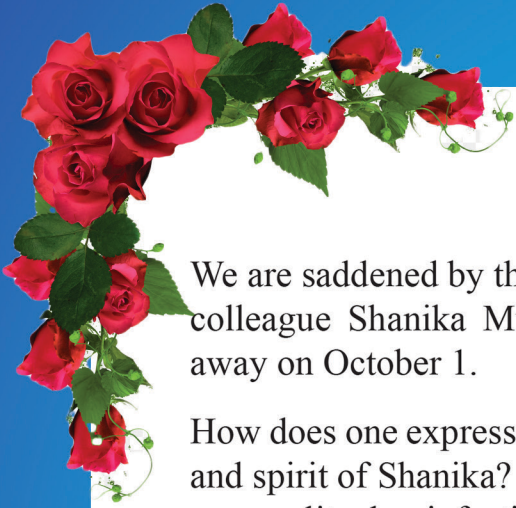
Obituary

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	NAME	DATE OF DEATH
Sylburne Grant	January 12, 2020	Dudley Scott	August 13, 2020
Richard Smith	January 17, 2020	Rudolph Garriques	September 8, 2020
Durhon Boyd	January 30, 2020	Kirk Johnson	September 18, 2020
Prudence James	February 3, 2020	Dillon Gayle	September 14, 2020
Garfield Morgan	April 7, 2020	Lemuel McIntosh	September 29, 2020
Marilyn Benjamin-Osbourne	April 23, 2020	Maydean Blackwood	October 7, 2020
Esmine Watt-Warrel	May 13, 2020	Fabian Morris	December 10, 2020
Elswick Moncrieffe	May 18, 2020	Marlene Foster-Newell	December 13, 2020
Jethro Jackson	May 21, 2020		
Gilbert Watt	June 24, 2020		
Leon Clunis	June 30, 2020		
Canute Bryan	July 7, 2020		
Paul Rodriguez	July 30, 2020		
Earl Willis	August 4, 2020		

In Loving Memory of

SHANIKA MURDOCK



We are saddened by the passing of our colleague Shanika Murdock, who passed away on October 1.

How does one express the amazing essence and spirit of Shanika? Her outgoing personality, her infectious smile, her unwavering commitment to her job, to her family and friends?

Words, even the very best of words, cannot pay tribute or truly capture the sense of loss that we are all feeling.

She was an amazing person who has played a unique and special role in all our lives. Shanika exemplified life, love, and laughter.



We remember her as a mother, sister, niece, cousin, colleague, and friend.

We will grieve for you, cry for you and even smile because of you... and in all the tomorrows we will feel you – gone in some ways, but your presence always near.

GO WELL... STAY WELL... ALWAYS!

On behalf of the Board of Directors, Committees, Management and Staff, we offer our deepest condolences to her family during this time.

Please keep them and the entire Credit Union family in your prayers.

