



Public Sector Employees
Co-operative Credit
Union Limited
2021 Annual Report



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 giving that we received,
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

54TH ANNUAL GENERAL MEETING

of the

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

will be held on

SATURDAY, SEPTEMBER 10, 2022

at

THE SPANISH COURT HOTEL
1 St. Lucia Avenue, Kingston

Meeting format: HYBRID

Registration link: <https://tinyurl.com/255tzhwd>

Registration begins at 5:00 p.m. & commencing at 6:00 p.m.

DRESS CODE: LOUNGE SUIT

Dacy-Ann Graham
Secretary



Vision, Mission & Value

VISION STATEMENT

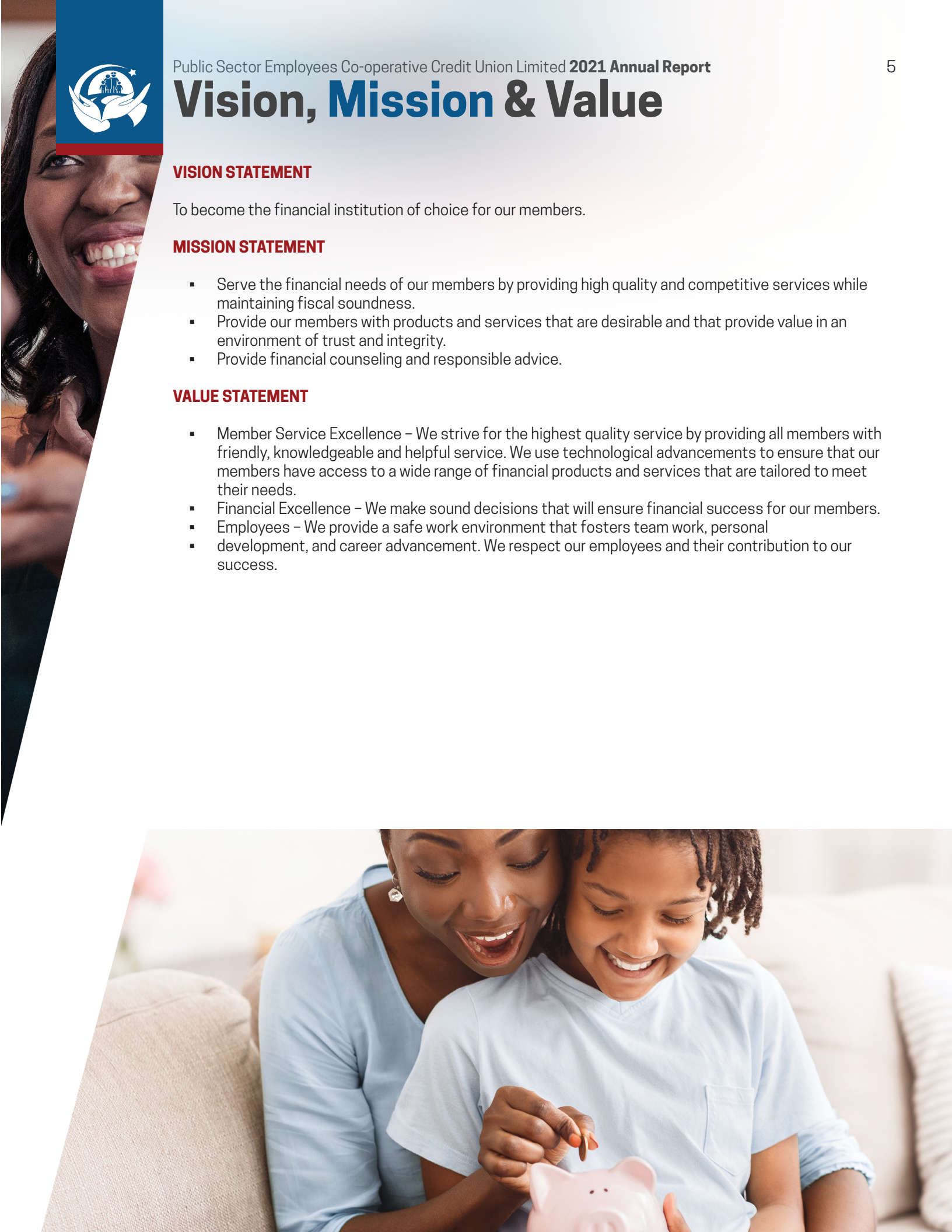
To become the financial institution of choice for our members.

MISSION STATEMENT

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

VALUE STATEMENT

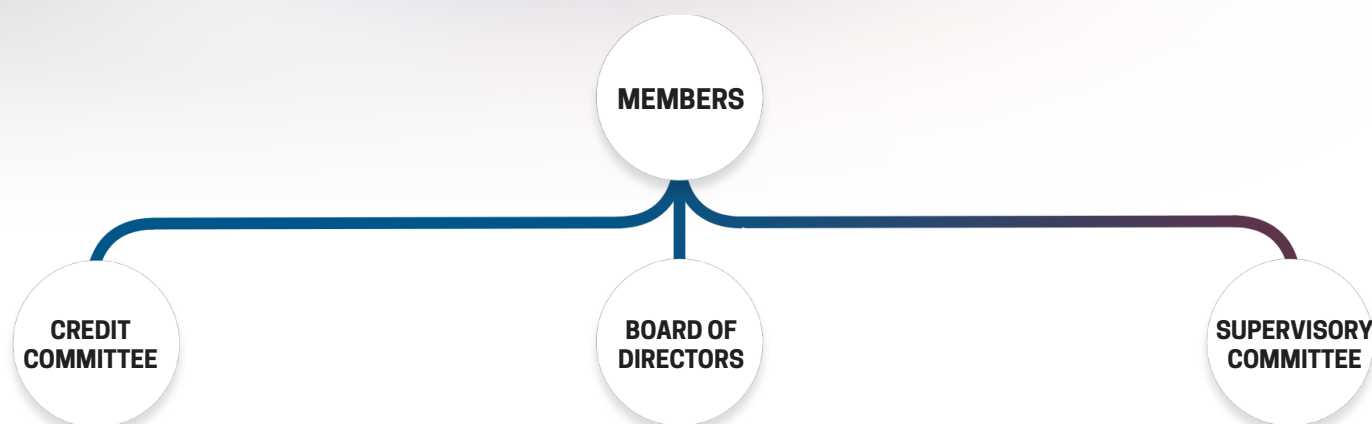
- Member Service Excellence – We strive for the highest quality service by providing all members with friendly, knowledgeable and helpful service. We use technological advancements to ensure that our members have access to a wide range of financial products and services that are tailored to meet their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





Organizational Chart

Members & Elected Committees



Members' Responsibilities

1. Elect Board of Directors, Credit & Supervisory Committee
2. Participate in membership meetings
3. Promote participation in & use of Credit Union services
4. Repay loans as agreed
5. Remove any official for cause
6. Expel members
7. Amend Credit Union's rules
8. Approve surplus distribution

Board of Directors' Responsibility

1. Maintain general direction and control
2. Meet at least monthly
3. Establish operating policies
4. Act on membership applications
5. Maintain confidential relations with members
6. Fix loan policies regarding interest rate maturity and security
7. Authorize needed investments and borrowing
8. Designate depository for funds
9. Fill vacancies on Board of Directors & Credit Committee
10. Appoint executive & other committees as needed
11. Hire fix duties and compensation of Manager and other employees, as needed
12. Determine surety bond need at least semiannually
13. Act on loans to Directors, Credit and Supervisory Committee members
14. Plan and hold annual meeting
15. Request amendments to rules as needed
16. Report to members at annual meeting
17. Establish a records preservation program

Credit Committee's Responsibilities

1. Meet at least monthly
2. Maintain minutes of meetings
3. Make annual report to members
4. Appoint loan officer(s) as needed & delegate authority
5. Maintain confidential relations with members
6. Act on individual loan applications
7. Determine if loans are for a legal purpose
8. Determine applicant's qualification for each loan
9. Act on loans not approved by Loan Officer(s)
10. Act on requests for extensions and refinancing
11. Counsel members in wise use of credit

Supervisory Committee's Responsibilities

1. Make meaningful audits semi-annually as required
2. Submit audit reports to the Board of Directors
3. Verify with members their share and loan balances at least once every two (2) years
4. Maintain confidential relations with members
5. Suspend Directors, Officers or Credit Committee members for cause
6. Call special AGM
7. Maintain committee's records
8. Report to members at annual meetings
9. Request Board approval for compensation of clerical and auditing assistance



Agenda

1. Ascertaining that a quorum is present
2. Call to Order
3. Opening Prayer
4. Moment of Silence for Deceased Members
5. Welcome and Apologies
6. Confirmation of Minutes of the 53rd Annual General Meeting held on December 10, 2021 and Discussing Matters Arising There From
7. Reports of the:
 - i Board of Directors
 - ii Treasurer and Auditors
 - iii Credit Committee
 - iv Supervisory Committee
 - v Nomination Committee - Nominees acceptance
8. Dinner
9. Resolution
 - Rule Change
 - Distribution of Surplus
 - Fixing of Maximum Liability
10. Appointment of Auditors
11. Any Other Business
12. Drawing of Prizes
13. Vote of Thanks
14. Termination



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 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

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53rd Annual Meeting Minutes

Held Dec. 10, 2021 at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, King. 5

Present at the Head Table were:

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

CALLED TO ORDER

The Chairman Mr. Calvin Allen having been advised by the Secretary that a quorum was established, proceeded to call the 53rd Annual General Meeting of the Public Sector Employees Co-operative Credit Union to order and invited the Secretary to read the notice that convened the meeting.

DEVOTION AND TRIBUTE

The Chairman invited Rev. Dr. Courtney Faulknor to conduct the devotional exercise as well as to pay tribute to those members who transitioned during the year under review. Subsequent to the devotional exercise which ended with the repeating of the Prayer of St. Francis, Rev. Dr. Courtney Faulknor invited the meeting to stand and share in a moment of silence in honour of the persons who passed.

Seated and duly recognized by the Chairman were:

Credit Committee

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

Supervisory Committee

Mr. Omar Drysdale (Chairman),
Mrs. Juniffer Dixon-Gordon (Secretary),
Mrs. Sancha Miller-McPherson (Member),
Miss. Julian Oscar (Member) and Mr. Jason Rodriguez (Member).

RESOLUTION

The Chairman informed the meeting of the Resolution on page 91-94 of the AGM booklet which sought to amend Article X11, Rule 55; Article X11, Rule 59 and Article XX1V, Rule 76. It highlighted the situation which existed of a hybrid meeting where members were both physically present and online. The Chairman invited Mr. George Hunter to move a motion for the Resolution. This motion was seconded by Mr. Omar Drysdale which was unanimously approved by the members.

Subsequently, the Chairman read the Resolution in its

entirety and solicited suggestions and or comments from the members. Mr. Christopher Phillips suggested that the prevailing conditions that precipitated the need to change the policy should have been highlighted in the AGM booklet. Mr. Phillips' suggestion was noted by both the Chairman and the CEO.

APOLOGIES FOR ABSENCE

Nil

WELCOME AND OPENING REMARKS

The Chairman welcomed everyone to the 53rd Annual General Meeting. He extended special welcome to Mrs. Katrina Grant-D'Aguilar from the Credit Union League. He then requested members from the League to stand to be recognised. In addition, the Chairman welcomed Mr. Richard Dunn and Mrs. Vanessa Porter-Allen both of the Department of Co-operatives and Friendly Societies. Special welcome was also extended to representatives from Crowe Howarth as well as to Mr. Carl Bryan, Stenographer. The Chairman also made welcome, representatives of the media, WD Multimedia and the Constabulary Communication Unit (CCU). The Chairman then gave a wholehearted welcome to members on the virtual platform. He gave a special acknowledgement to Mrs. McCaulsky-Johnson who joined the online platform from overseas.

The Chairman then encouraged everyone to adhere to all the COVID-19 protocols that were instituted. He also informed the members that all the necessary amenities were provided to protect against the COVID-19 virus. He also stated that a package with a hand sanitizer was issued to every member. In addition, the Chairman stated that there were stations provided for sanitization, where necessary.

MINUTES OF THE 52ND ANNUAL GENERAL MEETING HELD OCTOBER 16, 2020

The President invited Mr. Errol Adams, Secretary to take the meeting through this segment of the proceedings. Mr. Adams 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 moved by Mrs. Patsie Wallen-Lindsay seconded by Mr. Steven Watson.

CORRECTIONS AND CONFIRMATION

Page 24: Parkes should be Parks. The Minutes were then confirmed on a motion by Mr. Christopher Phillips and seconded by Mr. Anthony Lewis. The Minutes were unanimously confirmed by the members.

MATTERS ARISING FROM THE MINUTES

Page 19: Mr. Anthony Lewis noted that the names of the delinquent members were recorded in the AGM Booklet. He also wanted to be updated on the Credit Union's collection



efforts and the total amount collected from delinquent members. The Secretary responded by saying that this was a substantive matter to be discussed further on the agenda. As such, he was advised to pose this question at that juncture.

The Chairman thanked the Secretary for the able and capable manner through which he directed the reading of the Minutes of the 52nd Annual General Meeting.

At this point, the Chairman paused to recognize Mr. Dawkins Brown, the Chief Executive Officer of Crowe Horwath.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDING DECEMBER 31, 2020

The report of the Board of Directors was delivered by the Chairman, Mr. Calvin Allen. He highlighted that the Public Sector Employees Co-operative Credit Union (PSECCU) recorded another successful year of operation despite the challenges faced with the global pandemic. He stated that the Credit Union recorded Net Profit of \$45.5 Million, Growth of \$9.8M or 27.65% and Total Assets of \$3.083 Billion or 15.5% over 2019. This success Mr. Allen attributed to the hands-on action and navigation to the fast-paced changes in the economic environment. The Chairman reiterated that the Credit Union was 53 years old and the net profit he reported was the highest in our history. The Chairman acknowledged Mr. Osmond Bromfield, CEO and his dedicated team to include the Board of Directors and Committees for their vital role in achieving this milestone.

The Chairman further highlighted that 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 needed to improve their financial well-being. Additionally, the Chairman stated that with the dynamic evolution of technology specifically in the financial sector, this review ensured that our policies and procedures mirrored our changing environment.

The National Economy

The Chairman reflected on the global economic environment that felt the effects of the Coronavirus Pandemic and the regulatory and social measures that were utilized to contain the impact. He stated that the Jamaican economy declined by an estimated 10.2%. This decline he stated, marked the first year of contraction following seven (7) consecutive years of GDP growth. The tourism industry he explained contracted, but Jamaica experienced increased remittance inflows and as at December 31, 2020, the local currency traded at an exchange rate of \$142.65 to the US dollar. This represented 7.6% depreciation in the value of the Jamaican dollar for the year relative to 2019. The Chairman further reported that the rate of depreciation for 2020 was the rate recorded for 2019. Employment levels he reported also declined during 2020 as an outcome of COVID-19. The Chairman highlighted that the latest unemployment data from STATIN revealed the following:

- The unemployment rate of 10.7% reversed the 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 of 0.5% per annum.

The Chairman reported that despite the challenges faced as a result of the pandemic, the domestic financial system registered growth in its net loans, deposits and assets. Other highlights from the performance of the National Economy reported by the Chairman included:

- An overall loan growth of 9% and deposit growth of 16.7% for the calendar year 2020.
- An overall Growth of Total Assets in the financial sector of 11.5%.
- Loans growth recorded was above what was expected in the context of the sharp fallout in economic activity.
- The Total Loans Portfolio in the market exceeded One Trillion Dollars.

The Credit Union Movement's Performance

The Chairman reported that the Jamaica Co-operative Credit Union League, JCCUL 2020 Annual Report showed that despite the environmental challenges, the 25 credit unions that constitute the Movement witnessed improvement in total assets, net loans, savings and membership for the year ended December 31, 2020. The Chairman then highlighted the following:

- Total savings grew by 9.94% from \$96.25 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' Growth

The Chairman further reported the following with regard to the growth of the Credit Unions':

- Credit Unions' membership increased in 2020, moving from 1,034,962 to 1,006,557 recorded as at December 31, 2019.
- All 25 credit unions recorded growth in savings relative to 2019 and 11 recorded double digit growth.
- Growth in loans in 2020 was achieved by 18 of the 25 credit unions.
- Of the 18 credit unions, 12 witnessed a growth rate that exceeded 3.58% increase achieved by the Movement.
- While all 25 credit unions recorded growth in assets, only 18 achieved asset growth that was above the recorded calendar year inflation of 6.4%.



Performance of the Public Sector Employees Co-operative Credit Union

The Chairman continued his report by stating that the Public Sector Employees Co-operative Credit Union realized another successful year of operations which resulted in Total Assets of \$3.083 Billion and gross revenue of \$356 Million. He highlighted that expenses were contained at 0.68% or \$310.4 Million resulting in net income of \$45.5 Million or 27.65% for 2020. The Chairman also highlighted the following:

- Gross revenue grew by \$11.9 Million or 3.4%.
- Net income grew by \$9.8 Million or 27%.
- Total Assets grew by \$424.1 Million or 15.95%.
- Loans to members grew by \$333.4 Million or 15.28%.
- Savings grew by \$349.6 Million or 19.50%.
- Deferred shares grow by \$1.2 Million or 91%.

Capital Base

Mr. Allen pointed out that, the PSECCU's objectives when managing capital was to safeguard our ability to continue as a going concern. As a result of the financial impact, the Chairman reported that the PSECCU implemented new measures to monitor and manage capital as follows:

- Ongoing monitoring of sensitivity analysis to determine the impact of downward adjustment on regulatory ratios and projected profitability.
- Monitoring of increased provisioning through the Expected Credit Loss (ECL) and the correlation of defaults with loss given default and higher delinquency on loan write-offs.
- Continuation of the work in readiness for the draft Credit Union Act and Regulation which was the main requirement for licensing.
- Institutional Capital stood at 11.8% which was above the minimum requirement set by the Jamaica Co-operative Credit Union League PEARLS standards and Bank of Jamaica primary ratio of 8% and 6% respectively.

Performance in Key Areas of Operations

The performance of the Credit Union in key areas of operations was reported as follows:

- Savings and 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%.
- The Loan Portfolio at the end of 2020 stood at \$2.5 Billion, up from \$2.18 Billion reported at the end of December 2019, representing a year over year increase of \$333.4 Million or 15.28%. Loans disbursed totalled \$1.3 Billion.

IFRS 9 Provisioning

The Chairman further reported the following:

- The PSECCU adopted the International Financial Reporting Standards that required the recognition of Expected Credit Losses (ECL) for certain financial asset. The IFRS 9 standard had significantly impacted how the Credit Union made provisions for its delinquent loans.
- The loan loss allowance increased by 33.7% or \$15.3 Million to \$60 Million at the end of 2020 from \$45.4 Million at the end of 2019.
- 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.
- Notwithstanding, the Chairman reported that the Credit Union continued to employ several efforts to manage the delinquency to include telephone calls, reminders, warnings on a monthly basis, employment of debt collectors and pursuing legal action. The Chairman also said that the Credit Union accessed members' credit history through the services of the Credit Bureau.

Risk and Compliance

Mr. Allen continued his report by highlighting the risk and compliance strategy of the Credit Union. He stated that the PSECCU established an Enterprise Risk Management Framework which incorporated the Board of Directors, Management and Staff to identify measures to reduce risks. He further added that the Credit Union 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. He further reported that our Deputy Chief Executive Officer, Credit and Compliance was the appointed Nominated Risk and Compliance Officer.

In addition, Mr. Allen reported that throughout the year 2020 the Credit Union ensured that its legal obligation with regard to money laundering and terrorist financing was adhered to by engaging in the following activities:

- Report threshold and suspicious transaction to the Designated Authority.
- Conduct customer due diligence (updating our customer information).
- Sign employees' integrity documents.
- Evaluation of the Credit Union's compliance with the laws and regulations.
- Conduct training in the Anti-Money Laundering and Counter Financing of Terrorism activities.

**Staff Development**

The Chairman reported that the Credit Union continued with its training and retraining of the volunteers, management and staff. He reported that the following training programmes were conducted:

- Customer Service/Sales and Cross Selling
- Customer Charter and Complaints Procedure
- Proceeds of Crime Act (POCA)
- Management Policy and Products and Services Overview
- Financial Instrument (IFRS9)
- Credit Administration
- Classification, Provisioning and 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
- Meeting Protocols for Credit Union Presidents and Secretaries

Staff Complement

The Chairman stated that at the end of the year 2020, the Credit Union had a total staff complement of 52 operating from the Head Office and four (4) other branches. He added that throughout the year, two (2) new staff members were employed and one (1) employee resigned.

MarketingProducts and Services

The Chairman indicated that the year 2020 saw planned member activities and engagements being cancelled due to the COVID-19 pandemic. However, he gave the assurance that the PSECCU was resilient in our efforts to overcome the many challenges faced and found new ways of conducting business thereby reaching our prospective and current members. Notwithstanding the many challenges faced, the Chairman reported that the PSECCU Marketing Department managed to keep the Credit Union's brand visible on several media platforms.

Access Plus, Debit MasterCard Upgrade

The Chairman further reported that the Credit Union in conjunction with the Jamaica Co-operative Credit Union League (JCCUL) was upgrading the Debit Card Switch and would be offering a new Access Plus Debit MasterCard with other enhanced services. The Chairman said that this upgrade would significantly improve the features and offering of the credit union debit card such as EMV, MasterCard and Visa. The new debit card the Chairman explained, would allow for international point of sale. The Chairman also said that the additional services that would accompany the new Access Plus Debit MasterCard would include enhanced internet banking services and bill payment through Paymaster. He

then added that the Credit Union would have the opportunity to provide interconnectivity services which would allow members to conduct transactions at anyone of the Credit Union's branches island wide. He alluded to the fact that JCCUL was in the process of getting regulatory approval. Once completed, the Chairman said that the current debit card would be recalled and replaced free of charge.

Savings and Investments

The Chairman continued his report by stating that the Credit Union continued to encourage our members to build and maintain healthy financial practices. This the Chairman said was done through our continuous offering of 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. The Chairman further reported that one of the targets for the Marketing Department was to grow the Special Deposit Account Portfolio. The Chairman then proudly reported that as at December 31, 2020 the portfolio recorded over 45% in growth to close the year at \$904 Million.

Other Services

The Chairman then highlighted the several other services that the Credit Union provided as follows:

- Bill Express
- Family Indemnity Plan Insurance
- Critical Illness Insurance and Group Life Insurance
- Secured and unsecured loans
- Saving accounts
- Home Acquisition, Home Equity and Motor Vehicle loans at 7.99%, 8.99% and 7.99% respectively.
- Partnership with the National Housing Trust (NHT) to offer up to \$1.5 Million to members earning less than \$42,000 per week to assist with home acquisition deposit, repairs, purchase solar panel, et cetera.

Advertising and Promotion

The Chairman reported that the team was not able to engage members in a face-to-face manner, hence special emphasis was placed on advertising and promotional strategies to ensure that products and services were reaching the core membership and target market. The Chairman highlighted the strategies as follows:

- Monthly television and radio advertisement on stations such as Television Jamaica, CVM TV, Irie FM, Power106, Nationwide, Zip103 and Mellow FM
- Quarterly print advertisements published in the Financial Gleaner and the Jamaica Observer.
- Billboard erected close to the Mandeville Branch to ensure brand visibility island wide.
- Social media promotions on Instagram and Facebook as well as digital campaigns on the Google Network through Google Display Ads, Google AdWords and True View Instream Ads.



Credit Union Week

The Chairman added that Credit Union Week was celebrated virtually and members were engaged on the Credit Union's Instagram and Facebook platforms from October 11-17, 2020. He reported with much enthusiasm that the members were celebrated and was able to vie for daily gifts and surprises.

Customer Relationship Management

The Chairman explained that one of the Credit Union's goals was to improve Member Service Relationships, maintain member retention and drive sales growth. He stated that during the year members were kept abreast of new products and product updates utilizing quarterly newsletters, SMS messages and email messages. He also shared that members were able to submit their queries via live chat on the Credit Union's website and on the social media pages with real-time responses. He also reported that welcome letters were sent to each new member.

Social and Contributory Programmes

The Chairman said that the usual focus was placed on the well-being of our members throughout the year. He highlighted how we demonstrated our corporate social responsibility as follows:

- Issued care packages consisting of grocery items to retired needy members across the island.
- Awarded One Million Dollars (\$1M) to 54 students who were successful in their PEP Examination.
- Awarded Eight Hundred Thousand Dollars (\$800,000) to four (4) members studying at the undergrad and post-grad levels.
- Donated to members displaced by fire and other natural causes.
- Sponsored the Non-Geo Formation's Health and Wellness Day Programme.

Conclusion

The Chairman concluded by acknowledging the major impact of the Global Pandemic COVID-19 and the dynamic environment we continued to operate. Notwithstanding the challenges, he assured the members that we would continue to employ cost reduction strategies, greater income generation and improved products and services. He further gave the assurance that despite the challenges of the time, we would endeavour to continue to deliver the members with competitive yields on their investment and simultaneously offer a suite of loan products that were not only designed for their needs but at current industry rates. He also made the assurance that we remained accountable to the membership.

Appreciation

The Chairman on behalf of the Board of Directors expressed sincere gratitude to the following groups and organizations that partnered with us and gave remarkable support throughout 2020:

- 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

In addition, the Chairman acknowledged our Chief Executive Officer, Mr. Osmond Bromfield and his capable Management Team and Staff for their prudent performance throughout the year. He also thanked the Credit and Supervisory Committee for their assistance throughout the year. He also wholeheartedly thanked the general membership for their support, trust and confidence in the Board of Directors, Credit and Supervisory Committee and the Management Team over the period. He expressed profound honour to serve the membership throughout 2020 and stated that we anticipated serving them again. He then wished everyone a Merry Christmas and a prosperous 2022.

Queries/Comments from the Board's Report

No queries or comments emanated from this report.

Adoption

The Boards' Report was unanimously adopted on a motion by Mr. Michael Farquharson seconded by Jason Rodriquez.

TREASURER'S REPORT

The Treasurer's report was delivered by Mr. Andrew Johnson, Assistant Treasurer. Before commencing his report Mr. Johnson invited Mr. Dawkins Brown from the auditing firm Crowe Horwath to read the Auditor's report.

Mr. Johnson then commenced his report by giving a brief background of the Jamaican economy. He said that like other economies the Jamaican economy experienced a significant decline during 2020. He stated that Jamaica had previously enjoyed seven (7) consecutive years of growth. However, for the year 2020, the Gross Domestic Product (GDP) declined by approximately 9.9% compared to a growth rate of 0.9% for 2019. This decline in the economy he said, also affected the finance and insurance service industry which experienced a contraction of 5% during the final quarter of 2020. He gave some other highlights of the economy as follows:

- The inflation rate increased to 6.4% for the year 2020 compared to 6.2% for 2019.
- The inflation rate was above the projected range of 4% to 6%.
- The Jamaican dollar depreciated by 7.6% during 2020



compared to 3.8% for 2019.

- The Jamaican dollar closed the year at \$142.65 to 1 US dollar compared to \$132.57 at the end of December 2019.
- Interest rates on investments remained low as the Bank of Jamaica policy rate held firm at 0.5%.
- The Treasury bill rates declined with the 90 and 180 days instruments closing the year at 0.77% and 0.86% after they opened the year at 1.25% and 1.45% respectively.
- Total assets increased by 11.76% compared to 10.49% for 2019.
- Loans increased by 9.29% compared to 16.28% for 2019 whilst savings increased by 16.17% compared to 9.34% for 2019.
- Capital increased by 1.9% compared to 11.03% for 2019.

Despite these challenges, Mr. Johnson proudly stated that the Credit Union reported a successful year. The achievements were outlined as follows:

- Net loan increased from \$2.181 Billion at the end of 2019 to \$2.515 Billion at the end of 2020, a change of \$333.4 Million.
- 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.
- Savings growth was 19.5% or \$350 Million, moving from \$1.739 Billion and surpassed the \$2 Billion Dollar mark.
- Total equity increased by 7.12% or \$28 Million, closing the year at \$442 Million.
- Total asset surpassed the \$3 Billion 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 \$429 Million or 15.95%, which made us one of the fastest growing financial institutions for the year 2020.
- Gross Profit was \$356 Million for 2020 compared to \$344 Million for 2019, an increase of 3.48% or \$12 Million.
- Net Profit of \$45.5 Million, the most profitable year to date.

Mr. Johnson said that although the Credit Union experienced positive growth, we were challenged by delinquency. He stated that 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. Mr. Johnson then explained that we were actively pursuing delinquent members through debt collectors, liquidation of assets and taking legal action as required.

He concluded by expressing sincere gratitude and appreciation on behalf of the Treasurer, Mr. Christopher Murdock to the Management and Staff for their dedication throughout the challenges of 2020. He also thanked the Department of Co-

operatives and Friendly Societies, Crowe Horwath, Chartered Accountants and the Jamaica Co-operative Credit Union League for their support throughout the year. Finally, he earnestly on behalf of the Treasurer thanked the members who elected him to serve on the Board and to the Directors who he stated entrusted him with such a responsibility.

Queries/Comments from the Treasurer's Report

Mr. Anthony Lewis reposed his previous question concerning the delinquent members printed in the AGM Booklet. He enquired specifically, if the delinquent loans in excess of \$36 Million Dollars had collateral and also whether or not the members could be located. The CEO responded by saying that the loans were in all categories but mainly unsecured. He acknowledged that the Credit Union was experiencing issues with delinquency. However, he gave the assurance that the Management was operating relentlessly to recover the monies. He further explained that the Credit Union engaged debt collectors, executed court action and engaged Ascendancy to buy some of our bad debts.

After hearing the response, Mr. Lewis enquired if the Credit Union had taken the necessary steps for the police delinquent members to write the Ministry to ensure that if those persons applied for pension that it would be deducted. The CEO quickly responded by reminding Mr. Lewis that a person's salary or income was sacred. As such, no one can levy charges on them unless there was a contractual arrangement. Again, the CEO assured him that there were measures in place and that the court was always available as an alternative. Mr. Lewis then used the opportunity to appeal to the members who knew the delinquent members to encourage them to start making arrangements to repay their debt.

Adoption

The Treasurer's report was unanimously adopted on a motion by Miss Jeanette Davis, seconded by Mrs. Juniffer Dixon-Gordon.

CREDIT COMMITTEE'S REPORT

The report of the Credit Committee was presented by the Chairman, Mr. Michael Farquharson. He stated that the Board of Directors and the Treasurer's report covered all the salient points of the Credit Committee's Report. As such, Mr. Farquharson requested that a motion be made for the report to be taken as read. The motion was moved by Mr. Eric Wint, seconded by Mr. George Hunter. Thereafter, Mr. Farquharson solicited questions, comments and suggestions from the audience. There were no questions or queries.

Adoption

A motion for the adoption of the Credit Committee's report was moved by Mr. Osmond Bromfield, seconded by Rev. Dr. Courtney Faulknor.



SUPERVISORY COMMITTEE

The report of the Supervisory Committee was presented by Mr. Jason Rodriques, a member of the committee. He spoke to the Credit Union's growth over the years but particularly that of 2020. He also reminded the audience of the roles and responsibilities of the committee. He spoke to the Committee's role of ensuring that the Credit Union was in compliance with the laws, bylaws, AGM regulations, directives of the Board of Directors, established policies and investigating unresolved complaints from members.

Mr. Rodriguez further reported that monthly unannounced visits were conducted at selected branches to inspect their daily operations, after which a report was sent to the Board of Directors. During the period of review, he reported that the committee conducted a total of ten (10) visits at the head office and three (3) to other branch offices. He also added that the inspection included a check of the following:

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

He then concluded the report by acknowledging Mr. Nigel Davis the former Chairman for his stalwart contribution to the Supervisory Committee. He also expressed sincere gratitude to the general membership, the CEO, Board of Directors, Internal Auditors, Management and Staff for their courtesy, co-operation and support throughout the year.

Queries/Comments from the Supervisory Committee's Report

Miss Sharmitch Barnett enquired if there was any documentation to highlight how many complaints were received and the nature. Mr. Rodriguez said that most of the complaints were informal and the members would be advised to go through the channel. If the matter remained unresolved, Mr. Rodriguez said that the committee would put it in writing to the CEO for action.

Adoption

The Supervisory Committee's report was adopted on a motion by Mrs Juniffer Dixon-Gordon, seconded by Mr. Maurice Channer.

NOMINATION COMMITTEE REPORT

The Nomination Committee's report was presented by Miss Jeanette Davis, Chairman. She reported that the Committee was appointed at a meeting of the Board of Directors held May 13, 2021, in keeping with Rule 64. The members of the Committee were Jeanette Davis, Chairperson, Board of

Director, Mrs. Carlene Allen, Credit Committee and Mrs. Tamara Maxwell-Green, Deputy CEO, Finance and Administration. The status of the various groups were reported as follows:

Board of Directors

Retiring from the Board of Directors in 2021 and recommended to serve for another two (2) years 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. George Hunter, Mr. Christopher Murdock, Mr. Errol Adams and Mr. Andrew Johnson shall be elected to serve for two (2) years on the Board of Directors.

Credit Committee

Those retiring from the Credit Committee in 2021 and recommended to serve for another two (2) years were: Mr. Steven Watson and Mr. Michael Farquharson.

There being no other nominations, the Nomination Committee recommended Mr. Steven Watson and Mr. Michael Farquharson be elected to serve for two (2) years

SUPERVISORY COMMITTEE

Miss Davis reported that members of the Supervisory Committee serve for only one (1) year. The retiring members were Mr. Omar Drysdale, Mrs. Juniffer Dixon-Gordon, Miss Julian Oscar, Mrs. Sancha Miller-McPherson and Jason Rodriques. She further reported that two (2) other nominations were received by the committee hence the need to for an election to determine the five (5) that would serve for one (1) year. The persons to consider were Mr. Omar Drysdale, Mrs. Juniffer Dixon-Gordon, Miss Julian Oscar, Mrs. Sancha Miller-McPherson, Mr. Jason Rodriques, Mr. Okeeto DaSilva and Miss Sharmitch Barnett.

In concluding her report, the Chairman informed the meeting that the profile of all candidates was included in the AGM booklet for them to peruse. Before taking a motion for the adoption of the report, Miss Davis 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. Errol Adams seconded by Miss Kelly-Ann Dixon 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 was no need for voting and only required a show of hands for their acceptance.



After this process, motions were carried for both the Board of Directors and the Credit Committee.

Mr. Dunn reminded the meeting that seven (7) persons were nominated for the Supervisory Committee for which there were five (5) vacancies. He narrated the voting procedure and ballots were distributed to facilitate the voting. At the end of the process, the persons elected to serve the committee for one (1) year were the top five (5) as listed below:

1. Ms. Julian Oscar (108 votes)
2. Mrs. Juniffer Dixon-Gordon (106 votes)
3. Mr. Omar Drysdale (102 votes)
4. Mrs. Sancha Miller-McPherson (97 votes)
5. Mr. Jason Rodriques (96 votes)
6. Mr. Okeeto DaSilva (38 votes)
7. Miss Sharmitch Barnett (26 votes)

Before handing over to the Chairman, Mr. Dunn reminded the committees of their responsibility to elect their desk officers within ten (10) days.

DISTRIBUTION OF SURPLUS

Mr. Andrew Johnson, Assistant Treasurer informed the meeting that the Board was recommending that the \$34,859,056.00 in surplus be distributed 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 Scholarships -	800,000.00
PEP Grant -	1,000,000.00
Undistributed -	59,056.00

A motion was moved by Mr. Osmond Bromfield seconded by Mr. Anthony Lewis for the acceptance of the distribution of surplus as recommended by the Board and carried by majority vote.

FIXING OF MAXIMUM LIABILITY

In keeping with Rule 69, Mr. Johnson stated that the Board of Directors proposed that the maximum liability for the loans that the Board of Directors may borrow to be set at 16 times the Society's capital and reserve funds. The motion was moved by Mr. Errol Adams seconded by Mr. George Hunter and carried by majority vote.

Query/Comment

Mr. Cecil Hinds proposed that 50% be paid as cash dividend and 50% to Permanent Shares. The Board had no objection. This proposal was unanimously accepted by the members. Mr. Hinds responded and changed his proposal to a 100% cash dividend. Unfortunately, Mr. Johnson informed him that it was already voted upon.

APPOINTMENT OF AUDITORS

The Chairman requested a motion for Crowe Horwath to continue as the Credit Union's external auditors. This was moved by Mr. Osmond Bromfield seconded by Miss Jeanette Davis. The motion was unanimously approved.

ANY OTHER BUSINESS

Mr. Osmond Bromfield, CEO drew our attention to page 117 of the report highlighting Delinquent Loans as at June 30, 2021 along with the delinquent members. He proposed a charge off of the total amount listed in the sum of \$36,202,069.45. Mr. Bromfield further stated that delinquency management required that we made timely write-off, even though the record would still carry the amount owing. Although this would not be reflected on the main account, Mr. Bromfield stated that it would be lodged in a subsidiary account. This write-off he stated would be done from the provision that was already made. Additionally, he stated that when we charged off the over \$36 Million it would bring the delinquency rate to about 1.5% and when we added current year delinquency he stated it might be about 2.2%.

The motion to charge off \$36,202,069.45 of delinquent loans for 166 members was moved by Mr. Anthony Lewis seconded by Miss Jeanette Davis. The proposal was unanimously approved by the members.

PRIZES

The Chairman stated, that the prizes offered were gift vouchers to MegaMart and also vouchers for petrol in the amount of \$5,000.00. He then invited Miss Kelly-Ann Dixon, Marketing Manager to assist in this regard.

Mr. Noel Daley was awarded a voucher for being the one hundredth member that made the quorum. Other winners after giving the correct responses to questions were:

- Miss Kenesha Atherton
- Mr. N. Brown
- Miss Antoinette Spencer
- Mr. Cecil McCalla
- Miss Kimone Parks

VOTE OF THANKS

The vote of thanks was moved by Miss Dacy- Ann Graham, Assistant Secretary.

ADJOURNMENT

The Chairman having completed the agenda asked for a motion for the adjournment of the meeting. A motion was moved by Mr. Christopher Murdock seconded by Mrs. Sancha Miller-McPherson was unanimously approved. Consequently, the meeting adjourned at 2:33pm.

D. Graham

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Dacy-Ann T. Graham
Secretary



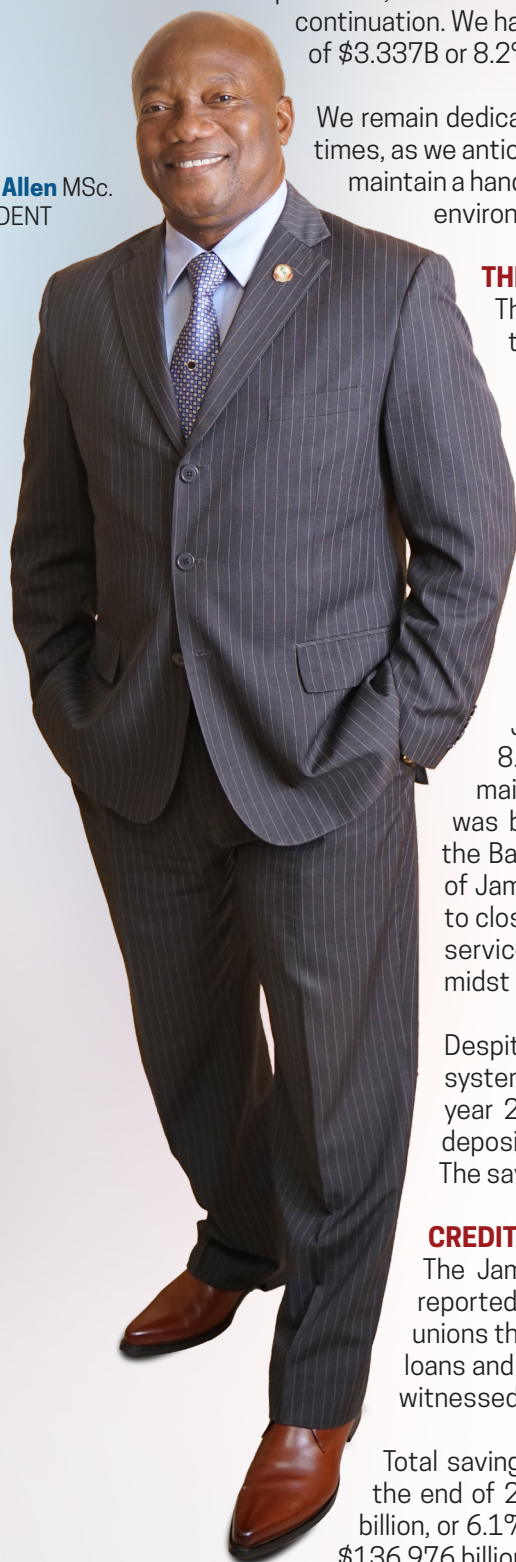
Board Report

Year Ending 2021

It is with pleasure I report on behalf of the Board of Directors of the Public Sector Employees Co-operative Credit Union Limited (PSECCU). The PSECCU recorded another successful year of operations, notwithstanding the challenges faced as a result of the COVID-19 Global Pandemic continuation. We have recorded net profit of \$12M, down from \$45M in 2020 and total asset of \$3.337B or 8.2% Growth over prior year 2020.

We remain dedicated to serving you our members prudently, even in the most challenging times, as we anticipate and respond to the changing needs of our members. We continue to maintain a hands-on operation and navigation to the fast-paced changes in the economic environment, at the same time still sustaining our members' financial need.

Calvin **Allen** MSc.
PRESIDENT



THE JAMAICAN ECONOMY

The Jamaican economy growth recorded a substantial bounce back from the 10.2 percent decline in growth in 2020, to recording growth of 4.6% in 2021. The growth performance in the calendar year was mainly due to the continued easing of COVID-19 containment measures locally and internationally, which facilitated increased domestic and external demand, causing an overall improvement in economic activities, in spite of the global pandemic that continued throughout 2021. The Statistical Institute of Jamaica (STATIN) reported that inflation closed at 9.1% for the 2021 calendar year. The inflation rate recorded for the year represented an increase from the previous year's 5.1%.

The Jamaican dollar continues to depreciate against its major trading partner, USA. At the beginning of the year, the dollar was trading at J\$142.65 to US\$1.00 but closed the year at J\$155.09 to represent an 8.7% depreciation over the period. During 2021, 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. The Bank of Jamaica maintained a strong net international reserve position during 2021, to close the year at US\$3,999.74 Million representing 33.5 weeks of goods and services imports. There is, however, concern that stiffer monetary policy in the midst of relatively elevated inflation will likely stifle momentum.

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 2021, the financial sector recorded overall loans growth of 9.31% and deposits growth of 16.2%. Total assets in the financial sector grew by 13.4%. The savings increase by 13.09%.

CREDIT UNION MOVEMENT PERFORMANCE

The Jamaica Co-operative Credit Union League (JCCUL) 2021 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 and savings for the year ended December 31, 2021. However, the Movement witnessed a decline in total membership.

Total savings grew by 10.4% from \$105.724 billion in 2020 to \$116.721 billion at the end of 2021. The value of net loans increased from \$91.347 billion to \$96.934 billion, or 6.1% over 2020. Total assets increased by 9.8% to \$150.399 billion, up from \$136.976 billion. Credit Unions' membership decline in 2021, moving down to 1,000,157 from the 1,034,962 recorded as of December 31, 2020.



For the calendar year 2021, 24 of the 25 credit unions increased their total savings, with 13 of them growing by double digits. While the Movement's savings growth rate was greater in 2021 than in 2020, comparative data showed that 14 of the 25 credit unions had healthier savings growth rates in 2020 than in 2021. Over the 12 months period of January to December 2021, 20 of the 25 credit unions achieved growth in loans. Of the 20 credit unions, nine witnessed double-digit growth. Fourteen of the 25 credit unions experienced stronger loans growth in 2021 when compared to the previous year.

While all 25-credit unions recorded a positive change in their assets, only 11 achieved assets growth which was above the recorded calendar year inflation of 9.1%.

THE PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED PERFORMANCE

The Public Sector Employees Co-operative Credit Union Limited (PSECCU) operation resulted in total asset increasing to \$3.337B and Gross Revenue declining to \$330 million moving from \$356M in 2020. Expenses were contained at 0.68% or \$318.3 million resulting in net income of \$12 million.

KEY FINANCIAL INDICATORS

In assessing the Key Financial Indicators, The PSECCU maintained its strong growth trajectory. Net Loans moved from \$2.515 billion to \$2.834 billion, an increase of \$319 million. Growth in savings \$308 million, increasing from \$2.143 billion to \$2.451 billion. The Credit Union grew its capital by 10.06% or \$36.6 million to \$400.6 million from \$364 million. Assets growth was recorded at 8.24%, which was still a strong result for the Credit Union as assets increased by \$254 million from \$3.084 billion to \$3.338 billion.

Table 1 – Portfolio Growth

Key Indicators	2021	2020	Monetary Change	Change %
Loans	2,834,982,828	2,515,225,344	319,757,484	12.71%
Savings	2,451,588,564	2,142,821,135	308,767,429	14.41%
Capital	400,636,856	364,002,872	36,633,984	10.06%
Total Assets	3,337,940,006	3,083,835,969	254,104,037	8.24%

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 raised 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 10.06% which is above the minimum requirement set by Jamaica Co-operative Credit Union league (JCCUL) PEARLS



standard and Bank of Jamaica (BOJ) primary ratio of 8% and 6% respectively.

FINANCIAL PERFORMANCE IN KEY OPERATING AREAS

The savings & deposit fund at the end of 2021 stood at \$2.45 billion, up from \$2.14 billion reported in December 2020, representing a year over year increase of \$308.7 million or 14.41%. 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 2021 stood at \$2.834 billion, up from \$2.5 billion reported as of December 2020, representing a year over year increase of \$319.7 million or 12.71%. Loans disbursed totaled \$1.2 billion.

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 22.2% or \$13.5 million to \$74.3 million at the end of 2021 from \$60.8 million at the end of 2020. 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 43.68% over the period moving from \$76 million at the end of 2020 to \$109.2 million at the end of 2021, a difference of \$33.2 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

The Board and Management of the Credit Union endeavor to create value for our members by ensuring growth and sustainability of the Credit Union while maintaining sound principles and business practices. We continue to build and enhance our Enterprise Risk Management Framework which encompasses the Board, Management and Staff, who all work together to identify, assess and manage the risks affecting the Credit Union. Policies, procedures, and programmes have been implemented to prevent and detect money laundering and the finance of terrorist activities as the Credit Union remains compliant with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Laws of Jamaica.

Throughout the year 2021, the Credit Union ensured its obligation with regards to Money Laundering and Terrorist Financing were met through the following activities:

- The submission of threshold and suspicious transaction reporting to the Designated Authority
- Ongoing Customer due diligence exercises
- Ensuring employees integrity
- Ongoing evaluation of the Credit Union's compliance with the laws and regulations
- Ongoing AML/CFT training for staff, management, and volunteers.

It is understood that the Bank of Jamaica will be considering the Credit Union's Risk Management Framework during the licensing exercise. We are therefore committed to implementing and maintaining the tools and resources required to support the Risk Management Framework with emphasis on Money Laundering and Terrorist Financing prevention and detection.

Table 1-Ten years Key Operating Statistics

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Balance Sheet	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'	\$000'
Loan Portfolio	2,834,982	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
Savings	2,451,588	1,090,321	795,897	663,755	447,277	366,181	275,897	220,851	184,570	131,582
Institutional Capital	400,637	364,003	323,394	289,252	266,996	243,867	220,062	191,942	144,853	109,350
Earning Assets	177,166	252,882	201,795	269,502	323,468	238,076	220,727	184,575	145,332	171,186
Total Assets	3,337,940	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
Income & Expense										
Gross Income	330,369	356,048	344,087	294,145	253,790	239,677	204,480	175,352	176,198	147,762
Operating Expense	318,359	310,530	308,428	269,649	244,258	217,683	186,162	171,437	164,577	140,446
Net Surplus	12,009	45,518	35,659	24,496	9,531	21,995	18,318	3,915	11,621	7,316



During the year 2021, we enhance our Business Continuity Plan to ensure our continued operation throughout the year. These included:

- A revised Business Continuity Plan.
- A robust COVID-19 Management Plan.
- Employee safety protocols.
- Continuous sanitization and cleaning of the office.
- Adjusted operating hours.

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 2021, the Credit Union had a total staff complement of Fifty-two (45) employees operating from the head office and four other branches. Throughout the year, one (1) new staff members was employed, three (3) employee resigned, three (3) employee promoted, and one (1) employee died.

PRODUCTS & SERVICES

The year 2021 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.

ACCESSPLUSTM DEBIT MASTERCARD UPGRADE

PSECCU in conjunction with the Jamaica Co-operative Credit Union League (JCCUL) have upgraded the Debit Card

Switch and we are now offering a new AccessPlusTM Debit MasterCard with other enhanced services. The upgrade has significantly improve the features and offerings of the Credit Union's debit card such as EMV "chip and pin" technology which provides greater security features for all transaction types. The new debit card allows for international point of sale and ATM transactions. Member (s) can also purchase goods and services online in local and foreign currency.

The additional services accompany the new AccessPlusTM 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. If you have not yet received your new AccessPlus Debit MasterCard, please stop by and collect your new card any day from Mon-Fri. between 8:30am-4pm.

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, Golden Harvest Deposit, Regular Deposit Account, Christmas Club Saver Account and The Youth Savers Account.

One of the targets for the marketing department was to grow the savings and deposit portfolio and as of December 31, 2021, the portfolio recorded over 14.41% in growth to close the year at \$2.451B.

The success of the marketing strategies was evident in the growth rate of the Savings and Deposit Portfolio, the Special Deposit Portfolio, and new members.

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.

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.

DIGITAL MARKETING

After careful assessment of the market environment, it was evident that there was a need for digital engagement and usage of digital platforms. Several social media promotions were developed on our Instagram and Facebook platform as well as digital campaigns on the Google network which resulted in:

- 102% increase in clicks and 165% increase in impressions for the Google AdWords platform.
- 68% increase in clicks and a 25% increase in impressions for the Google Display ads platform.

CREDIT UNION WEEK

Credit Union Week was celebrated from October 17-23, 2021, under the theme “Building Financial Health for a Brighter Tomorrow”. Members were engaged on our Instagram and Facebook platforms where they were celebrated and was able to vie for daily gifts and surprises. Food items were also donated to the Glenhope Orphanage as a part of the week’s activities.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Our goal remains, to improve member service relationships, maintain member retention and drive sales growth. During the year we were able to maintain member relationships with our members via quarterly newsletters, SMS messages, birthday 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.

DIGITAL RECRUITING OF MEMBERS

With the limitations faced in conducting face to face presentations and recruitment; proactively, online onboarding of members was introduced to allow prospective members to start their membership application online and visit a branch of their choice to complete the sign-up process.

Members were recruited from the following Ministries and government agencies namely, Ministry of National Security, Ministry of Health, Ministry of Education, Ministry of Local government, Ministry of Transport and Mining, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Finance, Tax Administration of Jamaica, Jamaica Promotions Corporation,

Passport Immigration and Citizenship Agency.

MEMBER SERVICE SURVEY

A member survey was conducted, and the results have indicated that 92% of the respondents were very satisfied with our customer service and rated our customer service as one of the best when compared to other financial institutions. 70% indicated that our products and services were meeting their needs and 93% indicated that they would recommend our products and services to their families and friends.

OUTREACH

We continue with our commitment to being a good corporate citizen and in line with our policy and tenets. Despite the pandemic, the assistance to our members, other institutions, and individuals during 2021 was no less. The year saw us supporting the following initiatives of awarding 49 students who were successful in their PEP examinations, in the amount \$980,000; we also awarded memorial scholarships to four members studying at the undergraduate and post graduate level totaling \$800,000 and we gave donations to members displaced by fire/ other natural causes and donation to Glenhope Orphanage.

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.

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 2021 shown below.

DIRECTORS	ATTENDANCE (# OF MEETINGS 13)
Calvin Allen	13
Jeanette Davis	12
Errol Adams	13
Christopher Murdock	12
Dacy-Ann Graham	13
Andrew Johnson	13
George Hunter	12
Courtney Faulknor	11
Eric Wint	13

APPRECIATION

On behalf of the Board of Directors, I wish to thank the many individuals and organizations who partnered with us throughout the year 2021. Namely the Department of Co-operative & Friendly Societies, Jamaica Co-operatives Credit Union League, Cumax Wealth Management Ltd., Centralized Strategic Services, CUNA Caribbean Insurance Jamaica Ltd., National Union of Co-operatives, Jamaica Co-operatives Insurance Agency Ltd., and Crowe Horwath Jamaica.

We could not have done it on our own and so, special appreciation to our Chief Executive Officer, Mr. Osmond Bromfield, his DCEOs and his capable management team and staff across all the branches, for their prudent performance throughout the year. We thank the Credit and Supervisory Committees for their valiant contribution 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 2021 and we look forward to serving you again.


.....
Calvin Allen MSc.
PRESIDENT



Treasurer's Report

Year Ending 2021

Christopher **Murdock**
TREASURER



Jamaica endured a full year of the COVID-19 pandemic over the 2021 period. Despite the challenges that were associated with the pandemic, the economy showed signs of recovery as the gross domestic product (GDP) grew by approximately 4.6% compared to the declined of approximately 9.9% for the year 2020. The inflation rate continued to increase and closed the year at 9.1%, an increase of 2.7% when compared to the 6.4% recorded for the year 2020. The inflation rate was well above the Bank of Jamaica (BOJ) target range of 4% to 6%. The Jamaican Dollar continued its slide against the United States Currency and declined by 8.72% after it had declined by 7.60% during 2020. The Jamaican dollar closed the year at \$155.09 compared to \$142.65 at the end of December 2020.

In an effort to slow the increasing inflation rate, the BOJ increased its policy rate from 0.5% at the end of 2020 to 2.5% at the end of 2021. The change in policy by the BOJ was reflected in the Treasury Bill rates which increased to 4.09% and 4.33% for the 90 and 180-days instruments, after they had opened the year at 0.77% and 0.86% respectively.

The Financial Sector continued to illustrate strong growth with total assets increasing by 13.40% compared to 11.76% for 2020, loans increased by 9.31% compared 10.29% for 2020 and savings increased by 13.09% compared to 16.24% for 2020. Capital increased by 3.74% compared 1.90% for 2020.

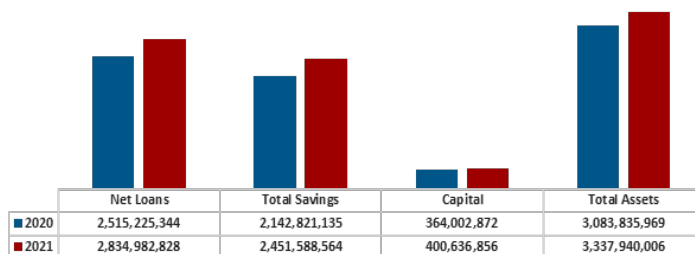
PORTFOLIO GROWTH

The Credit Union maintained its strong growth trajectory as it once again outperformed the Credit Union Movement in key financial indicators. It more than doubled the Movement's growth rate of 6.01% with another year of double-digit loans growth of 12.94%, increasing loans from \$2.525 billion to \$2.834 billion, an increase of \$319 million. Growth in savings was above the movements average of 10.30% at 14.41%, which equated to a monetary change of \$308 million, increasing from \$2.143 billion to \$2.451 billion. The Credit Union grew its capital by 10.06% or \$36.6 million to \$400.6 million from \$364 million, again surpassing the Movement's average of 9.49%. Assets growth was below the Movement's average of 9.88% as it was recorded at 8.24%, which was still a strong result for the Credit Union as assets increased by \$254 million from \$3.084 billion to \$3.338 billion. The financial strength of the Credit Union is proven year over year as we continue to outperform the Credit Union Movement's averages.

Table 1 - Portfolio Growth

	2021	2020	Monetary Change	Change %
Loans	2,834,982,828	2,515,225,344	319,757,484	12.71%
Savings	2,451,588,564	2,142,821,135	308,767,429	14.41%
Capital	400,636,856	364,002,872	36,633,984	10.06%
Total Assets	3,337,940,006	3,083,835,969	254,104,037	8.24%

Figure 1 - Portfolio Growth

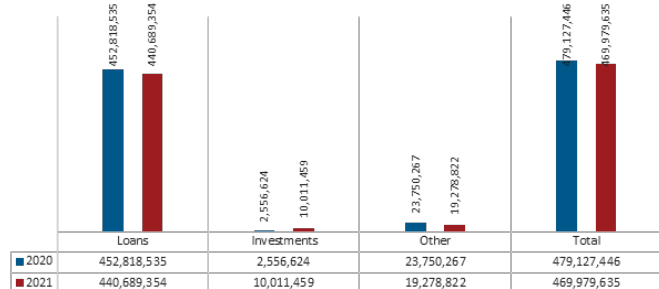


**INCOME**

The Credit Union experienced a decline in its income, which was primarily due to reduce interest income. In an effort to ease the financial burdens brought on by the COVID-19 pandemic on members loan rates were reduced, while fees and other charges were unchanged. As a result, loan income declined by \$12 million or 2.68%, decreasing to \$440 million from the \$452 million achieved for 2020. Investment income benefitted from the recovery in the national and global financial markets and increased to \$10 million after closing 2020 at \$2.6 million, resulting in an increase of \$7.4 million or 291.59%. Other income declined from \$23 million at the end of 2020 to \$19 million at the end of 2021, a difference of \$4 million or 18.83%. The Credit Union closed the year with income of \$470 million a reduction of \$9 million or 1.91% when compared to the \$479 million we achieved at the close of 2020.

Table 2 - Total Income

	2021	2020	Monetary Change	Change %
Loan Income	440,689,354	452,818,535	(12,129,181)	-2.68%
Investment Income	10,011,459	2,556,624	7,454,835	291.59%
Other Income	19,278,822	23,750,267	(4,471,445)	-18.83%
Total	469,979,635	479,127,446	(9,147,811)	-1.91%

Figure 2 - Income**COST OF FUNDS**

The Cost of Funds increased by \$18 million or 17.76% to \$122 million for 2021, compared to \$104 million for 2020. Our savings campaign resulted in double-digit growth in savings and correspondingly interest payments on deposits increased to \$87 million for 2021 from the \$63 million recorded for 2020, an increase of 36.81% or \$23 million.

The increased savings resulted in the reduction in reliance on External credit. The interest payments on external credits decreased by 17.21% or \$6 million, moving from \$35 for 2020 to \$29 million for 2021. The subscription of Deferred Shares remained strong and resulted in increased interest payment of \$5 million for 2021 compared to \$3.7 million for 2022, an increase of 37.27% or \$1.3 million. Bank charges decreased by 11.16% or \$172 thousand from \$1.550 million for 2020 to

\$1.378 million for 2021.

Table 3 - Cost of Funds

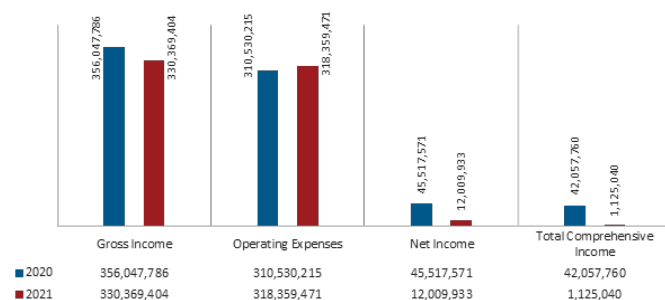
	2021	2020	Monetary Change	Change %
Interest on Deposits	87,106,662	63,667,932	23,438,730	36.81%
Interest on External Credit	29,389,489	35,497,147	(6,107,658)	-17.21%
Interest on Deferred Shares	5,100,186	3,715,474	1,384,712	37.27%
Bank Charge	1,378,550	1,550,706	(172,156)	-11.10%
Total	122,974,887	104,431,259	18,543,628	17.76%

PROFITABILITY

After the record setting year of 2020 where the Credit Union achieved its highest ever net profit, profits declined by 73.61% or \$33.5 million for 2021. Net income closed the year at \$12 million compared to \$45.5 million for 2020. The reduction in net income was as a result of gross income declining by \$26 million to \$330 million for 2021 from \$356 million for 2020. Additionally operating expenses increased by 2.52% or just under \$8 million dollars to \$318 million from \$310 million recorded for 2020. Total comprehensive income further declined from \$42 million to \$1 million a change of \$41 million or 97.33%.

Table 4 - Profitability

	2021	2020	Monetary Change	Change %
Gross Income	330,369,404	356,047,786	(25,678,382)	-7.21%
Operating Expenses	318,359,471	310,530,215	7,829,256	2.52%
Net Income	12,009,933	45,517,571	(33,507,638)	-73.61%
Total Comp. Income	1,125,040	42,057,760	(40,932,720)	-97.33%

Figure 3 - Profitability**EXPENDITURE**

The Credit Union continued its cost control measures which resulted in a marginal increase in expenses of only 2.52%. The largest savings came in the area of personnel expenses which declined by 1.69% or \$3 million to \$195 million from \$198 million for the previous year. Members insurance increased marginally by \$735 thousand to \$25.7 million from \$25 million.



Marketing and promotion declined by \$113 thousand to \$7 million from \$7.1 million. Administrative Expenses increased by 4.60% or \$3 million to \$64 million from \$61 million for the previous year. The largest increase was the Affiliation Expenditure which increased by 40.70% or \$7.8 million to \$26.8 million from \$19 million.

Table 5 - Expenditure

	2021	2020	Monetary Change	Change %
Personnel Cost	194,976,350	198,328,291	(3,351,941)	-1.69%
Members' Insurance	25,763,740	25,028,208	735,532	2.94%
Marketing & Promotions	7,083,717	7,197,153	(113,436)	-1.58%
Administrative Expenditure	63,719,794	60,917,611	2,802,183	4.60%
Affiliation Expenditure	26,815,870	19,058,952	7,756,918	40.70%
Total	318,359,471	310,530,215	7,829,256	2.52%

Accountants and the Jamaica Co-operatives Credit Union League for all their support throughout the year.

Most importantly, I would like to express my thanks and appreciation to you the members who elected me to serve on the Board and to the Directors who have given me the chance and needed support to serve as Treasurer.

Moved by Christopher Murdock
Treasurer

DELINQUENCY

The delinquency position declined further as the portfolio increased from \$76.9 million to \$109.3 million, an increase of \$32.4 million or 42.15%. The cost to the Credit Union increased by \$13.5 million or 22.21% to \$74.3 million from \$60.8 million.

To better manage delinquency, the number of debt collectors have been increased. A new loan for pensioners has been introduced which significantly reduces the required monthly payments. While legal action has been intensified for those persons who refuse to honor their obligation to the Credit Union.

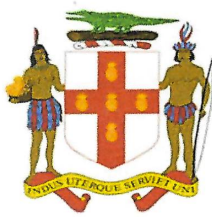
Table 6 - Delinquency

	2021	2020	Monetary Change	Change %
Total Delinquent Loans	109,268,986	76,870,824	32,398,162	42.15%
Loan Loss Allowance - (IFRS9)	74,340,843	60,830,190	13,510,653	22.21%
Loan Loss Provisioning - (JCCUL)	78,054,254	49,897,921	28,156,333	56.43%

ACKNOWLEDGEMENT

I would like to state my thanks and appreciation to the management and staff of the Credit Union as their dedication and resolve have not waived despite the challenges brought on by the CPVID-19 pandemic. I am confident they will continue the good work and help the Credit Union achieve its goals and objectives.

I would like to extend thanks the Department of Co-operatives and Friendly Societies, Crowe Horwath Jamaica, Chartered



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: info@dcfs.gov.jm

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

R335/595/06/22

June 9, 2022

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 year ended December 31, 2021.

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.

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) 977-2508 / 927-1948

MANDEVILLE, MANCHESTER

23 Caledonia Road
(RADA Bldg.)
(876) 615-9083

MONTEGO BAY, ST. JAMES

10 Delisser Drive
(The Office of the Prime Minister)
(876) 952-7913



Audited Financial Statement

**Crowe Horwath Jamaica**Corporate Head Office
47-49 Trinidad Terrace
Kingston 5Main 876 926 5210
Fax 876 754 7935www.dawgen.global/

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 2021, 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 2021, 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.

Crowe Horwath Jamaica

47-49 Trinidad Terrace
Kingston 5
Jamaica

June 3, 2022



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 2021

(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	2021 \$	2020 \$
<u>NON-CURRENT ASSETS</u>			
Earning:			
Loans to Members - Net of Provision for Loan Impairment	5/6	2,834,982,828	2,515,225,344
Financial Investments	7	80,148,301	42,649,897
		<u>2,915,131,129</u>	<u>2,557,875,241</u>
Non-Earning:			
Property, Plant & Equipment	8	110,943,649	119,219,312
Retirement Benefit Asset	9	16,041,000	19,578,000
		<u>126,984,649</u>	<u>138,797,312</u>
TOTAL NON-CURRENT ASSETS		<u>3,042,115,778</u>	<u>2,696,672,553</u>
<u>CURRENT ASSETS</u>			
Earning:			
Liquid Assets	10	129,786,677	206,047,998
Financial Investments	10	47,329,359	46,834,174
		<u>177,116,036</u>	<u>252,882,172</u>
Non-Earning:			
Liquid Assets	11	65,410,173	79,264,411
Receivables & Prepayments	11	53,298,019	55,016,833
		<u>118,708,192</u>	<u>134,281,244</u>
TOTAL CURRENT ASSETS		<u>295,824,228</u>	<u>387,163,416</u>
TOTAL ASSETS		<u>3,337,940,006</u>	<u>3,083,835,969</u>
<u>CAPITAL AND LIABILITIES</u>			
Members' Permanent Shares	12	180,883,329	170,887,289
Non-Institutional Capital	13	101,597,179	132,774,386
Institutional Capital	14	121,470,049	118,789,062
Total Equity		<u>403,950,557</u>	<u>422,450,737</u>
<u>NON-CURRENT LIABILITIES</u>			
Interest Bearing:			
Savings Deposits	16	1,210,750,381	944,822,225
Members' Voluntary Shares	17	1,085,040,826	1,052,499,990
Members' Deferred Shares	17	98,283,478	74,326,521
TOTAL NON-CURRENT LIABILITIES		<u>2,394,074,685</u>	<u>2,071,648,736</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 2021
 (Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	2021 \$	2020 \$
CURRENT LIABILITIES			
Interest Bearing:			
External Credits	18	302,198,249	359,255,935
Savings Deposits	16	<u>155,797,357</u>	<u>145,498,920</u>
		457,995,606	504,754,855
Non-Interest Bearing:			
Payables and Accruals	19	80,033,037	82,622,541
Deferred Income	20	<u>1,886,121</u>	<u>2,359,100</u>
		81,919,158	84,981,641
TOTAL CURRENT LIABILITIES		<u>539,914,764</u>	<u>589,736,496</u>
TOTAL CAPITAL AND LIABILITIES		<u>3,337,940,006</u>	<u>3,083,835,969</u>

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

APPROVED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON

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 2021
 (Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	2021 \$	2020 \$
INTEREST INCOME:			
Loans to Members		440,689,354	452,818,535
Liquid Assets	21	9,692,852	2,484,177
Financial Investments	21	316,586	70,427
		<u>450,698,792</u>	<u>455,373,139</u>
INTEREST EXPENSE:			
Saving Deposits		(87,106,662)	(63,667,932)
External Credits		(29,389,489)	(35,497,147)
Members' Deferred Shares		(5,100,186)	(3,715,474)
Other Financial Costs	22	(1,378,550)	(1,550,706)
		<u>(122,974,887)</u>	<u>(104,431,259)</u>
NET INTEREST INCOME		327,723,905	350,941,880
Fair Value adjustments to Investments		(3,122,671)	(3,292,870)
Increase in Provision for Loan Losses		<u>(13,510,652)</u>	<u>(15,351,491)</u>
NET INTEREST INCOME AFTER PROVISION			
FOR LOAN LOSS		<u>311,090,582</u>	<u>332,297,519</u>
NON-INTEREST INCOME			
Miscellaneous Income	23	<u>19,278,822</u>	<u>23,750,267</u>
GROSS INCOME		330,369,404	356,047,786
Less: Operating Expenses	24	<u>(318,359,471)</u>	<u>(310,530,215)</u>
NET INCOME BEFORE HONORARIA		12,009,933	45,517,571
Honoraria		<u>(5,000,000)</u>	<u>(4,500,000)</u>
NET INCOME AFTER HONORARIA		7,009,933	41,017,571
OTHER COMPREHENSIVE INCOME:			
Items that will or may be reclassified to profit or loss:			
Gain/(Loss) on Revaluation of Shares		10,107	13,189
Items that will not be reclassified to profit or loss:			
Remeasurement (Loss)/Gain on Retirement Benefit		<u>(5,895,000)</u>	<u>1,027,000</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>1,125,040</u>	<u>42,057,760</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 2021

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



**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 2021
SUMMARY (CONT'D)**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares \$	Non- Institutional Capital \$	Institutional Capital \$	Total \$
Balance at 31st December 2020	170,887,289	132,774,386	118,789,062	422,450,737
	-	-	-	-
Total Comprehensive Income for the Year	-	1,125,040	-	1,125,040
Transfer - 20% of Net Income for the year 2021 before Honoraria	-	(2,401,987)	2,401,987	-
Subscription for Permanent Shares	9,996,040	-	-	9,996,040
Entrance Fees	-	-	279,000	279,000
Appropriation of Net Surplus for 2020				
Dividend on Permanent Share	-	(20,000,000)	-	(20,000,000)
Donations	-	-	-	-
Education	-	(1,000,000)	-	(1,000,000)
Annual General Meeting	-	(4,000,000)	-	(4,000,000)
Memorial Scholarship	-	(800,000)	-	(800,000)
Disability Fund	-	-	-	-
Permanent Share Reserve Transfer	-	(2,000,000)	-	(2,000,000)
ATM Defrauded Provision	-	(2,000,000)	-	(2,000,000)
Transfers from Current Year Surplus:				
Decrease in Share Transfer Fund	-	(100,260)	-	(100,260)
	-	-	-	-
	9,996,040	(32,302,247)	2,680,987	(19,625,220)
Balance at 31st December 2021	180,883,329	101,597,179	121,470,049	403,950,557

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 2021

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	Loan Loss Reserve	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



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 2021

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	Loan Loss Reserve	Undistributed Surplus	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 31st December 2020 brought forward	3,064,399	74,040,966	19,578,000	1,554	29,137	1,201,274	-	34,859,056	132,774,386
Other Comprehensive Income									
Pension Income/(Loss)	-	-	(5,895,000)	-	-	-	-	-	(5,895,000)
Increase in Fair Value of Shares	10,107	-	-	-	-	-	-	-	10,107
Revaluation Reserve	-	-	-	-	-	-	-	-	-
Net Income After Honoraria	-	-	-	-	-	-	-	7,009,933	7,009,933
Total Comprehensive Income for the Year	10,107	-	(5,895,000)	-	-	-	-	7,009,933	1,125,040
Transactions with Owners									
Appropriation of Net Surplus for 2020									
Dividend on Permanent Share	-	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Education	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
ATM Defrauded Provision	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Memorial Scholarship	-	-	-	-	-	-	-	(800,000)	(800,000)
Permanent Share Reserve Transfer	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Annual General Meeting Reserve	-	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Transfer to Retirement Benefit Reserve	-	-	2,358,000	-	-	-	-	(2,358,000)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	-	3,713,411	(3,713,411)	-
Transfer - 20% of Net Income for the year 2021 before Honoraria	-	-	-	-	-	-	-	(2,401,987)	(2,401,987)
Adjustment to Permanent Share Transfer Fund	-	-	-	-	-	(100,260)	-	-	(100,260)
Total Transactions with Owners	-	-	2,358,000	-	-	(100,260)	3,713,411	(38,273,398)	(32,302,247)
Balance at 31st December 2021	3,074,506	74,040,966	16,041,000	1,554	29,137	1,101,014	3,713,411	3,595,591	101,597,179



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 2021
INSTITUTIONAL CAPITAL
 (Expressed in Jamaican Dollars unless otherwise indicated)

	Legal & Statutory Reserves \$	Retained Earnings Reserve \$	TOTAL \$
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>
Entrance Fees	279,000	-	279,000
Transfer - 20% of Net Income for the year 2021 before Honoraria	<u>2,401,987</u>	<u>-</u>	<u>2,401,987</u>
Balance at 31st December 2021	<u>111,470,049</u>	<u>10,000,000</u>	<u>121,470,049</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 2021
(Expressed in Jamaican Dollars unless otherwise indicated)

	2021	2020
	\$	\$
Total Comprehensive (Loss)/ Income for year	1,125,040	42,057,760
Non - Cash items included in Comprehensive Income		
Depreciation	13,502,398	11,478,636
Expected Credit Losses on Loans and Investments	13,510,652	15,351,491
Revaluation of Quoted Shares	(10,107)	(13,189)
Pension Expense/(Income)	3,537,000	(2,582,000)
	<u>31,664,983</u>	<u>66,292,698</u>
(Increase) / Decrease in Operating Assets		
Accounts Receivable & Prepayments	1,718,814	(3,996,428)
Increase / (Decrease) in Operating Liabilities		
Payables and Accruals	(2,589,503)	22,372,208
Deferred Income	(472,979)	(474,275)
Cash Provided by Operating Activities	<u>30,321,315</u>	<u>84,194,203</u>
Cash Flows from Investing Activities		
Loans to Members	(333,268,137)	(348,781,130)
Financial Investments	(37,993,589)	2,996,927
Purchase of Property, Plant & Equipment	(5,226,735)	(8,906,865)
Net Cash Used in Investing Activities	<u>(376,488,461)</u>	<u>(354,691,068)</u>
Cash Flows from Financing Activities		
Savings Deposits	276,226,593	294,424,557
External Credits	(57,057,686)	1,783,914
Members' Voluntary Shares	32,540,836	55,267,364
Members' Deferred Shares	23,956,957	22,747,937
Members' Permanent Shares	9,996,040	8,332,084
Entrance Fees	279,000	425,200
Donations	-	(323,042)
Share Transfer Fund	(100,260)	145,656
Dividend Paid on Permanent Shares	(20,000,000)	(16,255,521)
Transfer from Undistributed Surplus	(2,000,000)	(1,000,000)
ATM Defrauded Provision	(2,000,000)	-
Annual General Meeting Reserve	(4,000,000)	(3,000,000)
Fair Value Reserve	10,107	13,189
Disaster Relief Fund	-	(414,853)
Disability Fund	-	(118,000)
Education & Scholarship Fund	(1,800,000)	(1,800,000)
Net Cash Provided by Financing Activities	<u>256,051,587</u>	<u>360,241,275</u>
(Decrease)/Increase in Liquid assets	(90,115,559)	89,744,410
Liquid Assets at beginning of year	<u>285,312,409</u>	<u>195,567,999</u>
Liquid Assets at end of year	<u><u>195,196,850</u></u>	<u><u>285,312,409</u></u>
Liquid Assets		
Cash and Bank Balances: Non-Earning	65,410,173	79,264,411
Cash and Bank Balances: Earning	<u>129,786,677</u>	<u>206,047,998</u>
	<u><u>195,196,850</u></u>	<u><u>285,312,409</u></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 2021
(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 2021
(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:-

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16) Phase 2 (Effective January 1, 2021)

The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 Leases for leases when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability. The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

IFRS 17, Insurance Contracts (Effective beginning on or after January 1, 2021)

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments refine the definition of material in IAS 1 and align the definitions used across IFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. When adopting IFRS 17, an entity shall apply full retrospective approach unless impracticable, in which case entities have option of using either the modified retrospective approach or the fair value approach.

(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.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (Effective January 1, 2023)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Effective January 1, 2023)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.



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 2021
(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 2021
(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 in risk
- 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 their 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 ten percent (10%) of total assets. At the date of the statement of financial position, this ratio was 12% .

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:

	2021	2020
	\$	\$
Balance at Beginning of Year	2,576,055,534	2,227,274,404
Add: Loans Granted	1,281,441,913	1,342,909,693
	3,857,497,447	3,570,184,097
Less: Repayments and Transfers	(948,173,776)	(994,128,563)
	2,909,323,671	2,576,055,534
Less: Provision for Loan Impairment	(74,340,843)	(60,830,190)
	<u>2,834,982,828</u>	<u>2,515,225,344</u>
Loans are classified as follows:		
- Personal	2,909,013,235	2,576,001,090
- Educational	310,436	54,444
	<u>2,909,323,671</u>	<u>2,576,055,534</u>

6. Provision for Loan Impairment:

	2021	2020
	\$	\$
Balance at Beginning of Year	60,830,190	45,478,699
Increase in Expected Credit Losses (ECL)	14,059,180	20,464,550
	74,889,370	65,943,249
Less Reductions in Expected Credit Losses (ECL)	(548,527)	(5,113,059)
Balance at End of Year	<u>74,340,843</u>	<u>60,830,190</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 2021	Loan Loss Provision 2020
	\$	%	\$	\$
31-60 Days	4,000,535	Nil	-	-
61-90 Days	5,324,945	10	532,494	331,123
91-180 Days	21,758,435	30	6,527,530	4,565,274
181-364 Days	17,977,103	60	10,786,262	9,964,475
Over 365 Days	60,207,968	100	60,207,968	35,038,049
	<u>109,268,986</u>		<u>78,054,254</u>	<u>49,898,921</u>
			2021	2020
			\$	\$
Regulatory Loan Loss Provision			78,054,254	49,898,921
Less IFRS 9 Expected Credit Losses (ECL)			<u>74,340,843</u>	<u>60,830,190</u>
Deficit/(Excess) over IFRS 9 Transferred to Loan Loss Reserve			<u>3,713,411</u>	<u>(10,931,269)</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 2021:

	Number in Arrears	Total Delinquent Loans	Savings held against Loans	Portion not covered by Savings
		\$	\$	\$
1 - 30 Days	-	-	-	-
31 - 60 Days	10	4,000,535	440,507	3,560,028
61 - 90 Days	8	5,324,945	374,627	4,950,318
91 - 180 Days	47	21,758,435	1,184,465	20,573,970
181 - 364 Days	53	17,977,103	883,492	17,093,611
Over 365 Days	211	60,207,968	5,331,406	54,876,562
	<u>329</u>	<u>109,268,986</u>	<u>8,214,497</u>	<u>101,054,489</u>

7. Non-Current Assets - Financial Investments:

	2021	2020
	\$	\$
Fair Value through Other Comprehensive Income (FVOCI)		
NCB - Quoted Shares	1,491,120	1,718,760
Less Expected Credit Loss	<u>(21,375)</u>	<u>(21,375)</u>
	1,469,745	1,697,385
Fair Value through Profit and Loss (FVPL)		
JCCUL - Un-quoted Shares	138,699	138,699
Permanent Shares	2,007,555	2,007,555
CUFMC Shares	1,207,500	1,200,000
Qnet Shares	961,241	902,984
Police Co-Operative CU Shares	25,000,000	-
Barita Investment	<u>49,363,561</u>	<u>36,703,274</u>
	78,678,556	40,952,512
	<u>80,148,301</u>	<u>42,649,897</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 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
Additions	-	727,000	1,213,254	-	3,286,481	5,226,735
31st December 2021	18,000,000	94,727,000	31,545,038	4,750,000	65,380,964	214,403,002
<u>Depreciation</u>						
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
Charge for the year	-	3,774,660	1,924,471	950,000	6,853,267	13,502,398
31st December 2021	-	28,765,384	20,116,677	2,659,727	51,917,565	103,459,353
<u>Net Book Values</u>						
31st December 2021	18,000,000	65,961,616	11,428,361	2,090,273	13,463,399	110,943,649
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

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, 2021.

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

	2021	2020
	\$	\$
Present Value of funded obligations	(89,516,000)	(74,423,000)
Fair Value of plan assets	<u>105,557,000</u>	<u>94,001,000</u>
Asset recognised in the Statement of Financial Position	<u><u>16,041,000</u></u>	<u><u>19,578,000</u></u>

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

	2021	2020
	\$	\$
Employer's Current Service Cost	(4,956,000)	(4,698,000)
Interest Cost on Obligation	(6,563,000)	(4,955,000)
Interest Income on Plan Assets	8,779,000	6,432,000
Administrative Expenses	<u>(525,000)</u>	<u>(602,000)</u>
Net Pension Expense recognised	<u><u>(3,265,000)</u></u>	<u><u>(3,823,000)</u></u>
Actuarial (loss)/Gain on Obligation	(2,103,000)	2,050,000
Actuarial (Loss)/Gain on Plan Assets	<u>(3,792,000)</u>	<u>(1,023,000)</u>
Remeasurement Income/(Expense)	<u><u>(5,895,000)</u></u>	<u><u>1,027,000</u></u>

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

	2021	2020
	\$	\$
Net Asset at beginning of year	19,578,000	16,996,000
Pension Expense recognised	(3,266,000)	(3,823,000)
Remeasurements	(5,895,000)	1,027,000
Contributions Paid	<u>5,624,000</u>	<u>5,378,000</u>
Closing Net Asset at end of year	<u><u>16,041,000</u></u>	<u><u>19,578,000</u></u>



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9. Retirement Benefit Asset (Cont'd):

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

	<u>2021</u>	<u>2020</u>
Discount rate	8.0%	7.0%
Expected rate of return on plan assets	N/A	N/A
Expected future salary increases	5.50%	5.0%
Price Inflation	5.0%	5.0%
Pension Increases	3.75%	2.5%

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

	2021 '000	2020 '000	2019 '000	2018 '000	2017 '000
Fair Value of Plan Assets as previously reported	<u>105,557</u>	<u>94,001</u>	<u>82,302</u>	<u>66,570</u>	<u>55,109</u>
Defined Benefit Obligation as previously reported	<u>89,516</u>	<u>74,423</u>	<u>65,306</u>	<u>56,511</u>	<u>42,391</u>
Surplus	<u>16,041</u>	<u>19,578</u>	<u>16,996</u>	<u>10,059</u>	<u>12,718</u>

Experience Adjustments

Fair Value of Plan Assets as previously reported	<u>3,792</u>	<u>(1,023)</u>	<u>2,089</u>	<u>(766)</u>	<u>910</u>
Defined Benefit Obligation	<u>(1,192)</u>	<u>(1,203)</u>	<u>2,493</u>	<u>(1,226)</u>	<u>540</u>



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10. Current Assets - Earning:

	2021	2020
	\$	\$
<u>Liquid Assets:</u>		
CUFMC - CUMAX	81,570,963	79,583,688
CUFMC - CUMAX (Cucash)	40,932,662	119,353,248
CUFMC - CUMAX (Cupremium)	964,744	964,744
Money Masters Ltd.	6,318,308	6,146,318
	<u>129,786,677</u>	<u>206,047,998</u>

Financial Investments:

	2021	2020
	\$	\$
Amortised Cost:		
JCCUL Mortgage Fund	73,362	71,553
C.U.E.T.S. Deposit	47,255,997	46,762,621
	<u>47,329,359</u>	<u>46,834,174</u>

11. Current Assets - Non-Earning:

	2021	2020
	\$	\$
<u>Liquid Assets</u>		
<u>Cash and Bank Balances</u>		
Savings Account	660,625	656,730
Current Account	63,444,771	77,990,199
Cash on Hand	1,304,777	617,482
	<u>65,410,173</u>	<u>79,264,411</u>

Receivables & Prepayments

	2021	2020
	\$	\$
Interest Receivable - Loans	49,127,124	50,156,323
Other Receivables & Prepayments	4,170,895	4,860,510
	<u>53,298,019</u>	<u>55,016,833</u>



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12. Members' Permanent Shares:

	2021	2020
	\$	\$
Balance at beginning of year	170,887,289	162,555,205
Net Subscriptions & Transfers	9,996,040	8,332,084
Balance at end of year	<u>180,883,329</u>	<u>170,887,289</u>

13. Non-Institutional Capital:

	2021	2020
	\$	\$
i) Revaluation & Building Reserve	74,040,966	74,040,966
ii) Retirement Benefit Asset Reserve	16,041,000	19,578,000
iii) General Reserve	1,554	1,554
iv) Special Reserve	29,137	29,137
v) Fair Value Reserve	3,074,506	3,064,399
vi) Share Transfer Fund	1,101,014	1,201,274
vii) Undistributed Surplus	3,595,591	34,859,056
viii) Loan Loss Reserve	3,713,411	-
	<u>101,597,179</u>	<u>132,774,386</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

vii) Undistributed Surplus

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

viii) Loan Loss Reserve

The Loan Loss reserve represents the difference between the IFRS 9 Loan Impairment and the regulatory Loan Loss Provision.



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14. Institutional Capital:

	2021	2020
	\$	\$
Retained Earnings Reserve	10,000,000	10,000,000
Legal & Statutory Reserves (Note 15)	111,470,049	108,789,062
	<u>121,470,049</u>	<u>118,789,062</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:

	2021	2020
	\$	\$
Balance at beginning of year	108,789,062	99,260,348
Add: 20% of Net Income	2,401,987	9,103,514
Entrance Fees	279,000	425,200
Balance at end of year	<u>111,470,049</u>	<u>108,789,062</u>

16. Interest Bearing Liabilities - Savings Deposits:

	2021	2020
	\$	\$
<u>Non-Current</u>		
Special Deposits	1,163,315,033	904,971,343
Youth Savings Deposits	47,435,348	39,850,882
	<u>1,210,750,381</u>	<u>944,822,225</u>
<u>Current</u>		
Regular Savings and Deposits	95,103,131	91,793,116
Fixed Deposits	29,395	29,395
Christmas Savings Club	5,627,723	5,438,589
Golden Harvest Savings	14,072,377	7,028,137
Golden Harvest (7%)	23,077,367	22,998,180
Partner Plan	525,200	634,250
Standing Orders (Delinquent)	3,993,941	2,538,234
Standing Orders	13,368,223	15,039,019
	<u>155,797,357</u>	<u>145,498,920</u>
	<u>1,366,547,738</u>	<u>1,090,321,145</u>

17. Members' Voluntary Shares/Deferred Shares:

Voluntary Shares

	2021	2020
	\$	\$
Balance at beginning of year	1,052,499,990	997,232,626
Add : Subscription/Dividends Paid	300,888,271	309,836,414
	<u>1,353,388,261</u>	<u>1,307,069,040</u>
Less: Transfers	(268,347,435)	(254,569,050)
Balance at end of year	<u>1,085,040,826</u>	<u>1,052,499,990</u>



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

Deferred Shares	2021	2020
	\$	\$
Balance at beginning of year	74,326,521	51,578,584
Additions for the year	23,956,957	22,747,937
Balance at end of year	<u>98,283,478</u>	<u>74,326,521</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:

	2021	2020
	\$	\$
Loans - JCCUL / CUFMC	82,746,194	214,255,935
Loans - Barita Ltd	39,452,055	35,000,000
Loans - Sagicor Bank	<u>180,000,000</u>	<u>110,000,000</u>
	<u>302,198,249</u>	<u>359,255,935</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 Fifty Million Dollars (\$150 m) was taken in the current year. The purposes are for liquidity support and off-lending. The interest rates on these loans ranged between 8.5% and 9.5% 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:

	2021	2020
	\$	\$
<u>Accounts Payable & Accruals</u>		
Deceased Estate Accounts	9,798,994	10,474,263
ATM Payable	7,810,854	8,808,555
Bill Express Payable	1,583,600	8,858,469
Withheld Tax Payable	22,900,305	16,816,642
Interest Charges Payable	166,359	165,047
Dividend Payable	9,031	1,111
Accruals	11,550,367	367
Audit Fees Accrued	802,988	1,090,997
Conec Mobile Wallet	80,505	80,505
Memorial Scholarship Grant	-	800,000
Staff Expenses Accrued	12,556,796	24,348,353
NHT Micro-Finance Payable	688,157	1,625,479
Other	<u>9,353,975</u>	<u>6,294,429</u>
	<u>77,301,931</u>	<u>79,364,217</u>
<u>Other Provisions</u>		
Restoration Reserve	283,139	420,033
Disaster Relief Fund	1,829,207	1,909,156
Disability Fund	636,446	950,000
Scholarship Reserve / Education Provision	1,180	1,180
Building Improvement Reserve	1,325	1,325
Opening balance difference	<u>(20,190)</u>	<u>(23,370)</u>
	<u>2,731,107</u>	<u>3,258,324</u>
	<u>80,033,037</u>	<u>82,622,541</u>



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20. Deferred Income:

	2021	2020
	\$	\$
Injection for IFRS 9 Implementation	2,359,100	2,833,375
Depreciation charge for Upgrade to Computer Software	(472,979)	(474,275)
	<u>1,886,121</u>	<u>2,359,100</u>

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

21. Liquid Asset and Financial Investment Income:

	2021	2020
	\$	\$
(i) Liquid Assets		
Term Deposits	<u>9,692,852</u>	<u>2,484,177</u>
(ii) Financial Investments		
Shares-JCCUL	-	60,227
Dividend on League Investment	311,486	-
NCB Shares	<u>5,100</u>	<u>10,200</u>
	<u>316,586</u>	<u>70,427</u>

22. Financial Costs:

	2021	2020
	\$	\$
Bank Charges	<u>1,378,550</u>	<u>1,550,706</u>

23. Miscellaneous Income:

	2021	2020
	\$	\$
Fees and Commission	6,584,233	7,363,497
Loan Administration Fee	9,218,755	12,379,849
Internet Banking Income	57,050	45,805
ATM Fee Income	2,676,610	2,254,552
Recovered Income	239,900	687,346
Sale of Rule Books	29,295	53,415
Other Income	-	491,528
Injection from JCCUL Stabilisation re Implementation of IFRS9	472,979	474,275
	<u>19,278,822</u>	<u>23,750,267</u>

24. Operating Expenses:

	2021	2020
	\$	\$
Personnel Expenses:		
Salaries & Wages	150,120,611	153,230,835
Employer's Statutory Contribution	17,825,254	16,875,781
Staff Training & Welfare	6,569,428	7,421,289
Staff Travel & Subsistence	13,840,297	14,603,030
Group Life Insurance	1,391,123	1,152,611
Pension Defined Contribution	1,975,058	-
Pension Defined Benefit	<u>3,254,579</u>	<u>5,044,745</u>
	<u>194,976,350</u>	<u>198,328,291</u>



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24. Operating Expenses (Cont'd):

	2021	2020
	\$	\$
Members Security:		
Golden Harvest Insurance	190,482	203,003
Life Saving & Loan Protection Insurance	24,690,339	23,669,960
Cumis Bond	882,919	1,155,245
	<u>25,763,740</u>	<u>25,028,208</u>

	2021	2020
	\$	\$
Marketing & Promotion:		
Advertising & Public Relations	6,776,827	5,316,623
Promotion	25,000	411,990
Christmas Gifts	281,890	1,468,540
	<u>7,083,717</u>	<u>7,197,153</u>

	2021	2020
	\$	\$
Administrative Expenses:		
Repairs & Maintenance	4,813,237	6,127,094
Depreciation	13,502,398	11,478,635
Rent	5,180,312	4,962,569
Audit Fees	1,533,525	1,533,525
Professional & Consulting Fees	6,559,948	7,641,699
Security	2,829,344	2,992,576
Stationery	2,686,736	3,558,477
Office Supplies	1,473,964	1,726,433
Insurance - Premises & Assets	1,540,672	1,387,636
Electricity	6,594,917	5,635,035
Telephone	9,311,720	5,894,653
Water Rates & Taxes	1,544,972	976,401
Cable Television Charges	431,596	397,984
Donations	1,420,843	1,325,023
Miscellaneous	4,295,610	5,279,871
	<u>63,719,794</u>	<u>60,917,611</u>



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24. Operating Expenses (Cont'd):

	2021	2020
	\$	\$
Representation & Affiliation:		
League Fees	5,980,434	5,147,230
Stabilization Dues	1,607,116	1,793,129
Annual General Meeting - League	10,000	35,000
Annual General Meeting - Members	-	472,728
Funeral Aid (Staff & Committee)	400,000	300,000
Travel and Subsistence - Volunteers	10,416,701	8,533,593
Meetings and Seminars - Volunteers	5,127,278	398,792
Members' Welfare	130,705	76,750
ATM Participation Fee	3,143,636	2,301,730
	<u>26,815,870</u>	<u>19,058,952</u>
Total Operating Expenses	<u><u>318,359,471</u></u>	<u><u>310,530,215</u></u>

25. Appropriations:

	2021	2020
	\$	\$
Previous Year's Surplus:		
Education/Scholarship Reserve	800,000	800,000
PEP Grant	1,000,000	1,000,000
ATM Defrauded Provision	2,000,000	-
Donation	-	323,042
Dividends Paid on Permanent Shares	20,000,000	16,255,521
Disaster Relief Fund	-	414,853
Disability Assistance Fund	-	118,000
Permanent Share Reserve Transfer	2,000,000	1,000,000
Honoraria	5,000,000	4,500,000
Annual General Meeting Reserve	4,000,000	3,000,000
	<u>34,800,000</u>	<u>27,411,416</u>

26. Comparison of Ledger Balances:

	Permanent Shares	Voluntary Shares	Loans	Savings Deposits
	\$	\$	\$	\$
General Ledger	180,883,329	1,085,040,825	2,909,323,670	1,366,547,737
Personal Ledger	<u>180,883,329</u>	<u>1,085,040,825</u>	<u>2,909,323,670</u>	<u>1,366,547,737</u>
Differences 2021	<u><u>-</u></u>	<u><u>-</u></u>	<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 63 (2020: 68)

	\$		
Total Shares	150,047,241		
Total Loans	53,169,188		
	<u>Amount</u>	<u>Loans</u>	<u>Shares</u>
	\$	\$	\$
Staff	44	85,457,638	26,984,250
Directors	9	44,525,117	17,856,127
Supervisory & Credit Committee	10	20,064,486	8,328,811
	<u>63</u>	<u>150,047,241</u>	<u>53,169,188</u>

No waiver was granted on the above loans. As at 31st December 2021 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 \$882,919 (2020: \$1,155,245).

(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 \$24,690,339 (2020: \$23,669,960).

(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 \$1,540,672 (2020: \$1,387,636).



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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 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	120 months
2)	3 : 1	Demand Loan	24 months
3)	5 : 1	Personal Loan	180 months
4)		Easy Access Loan	66 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.

Changes in Credit quality since initial recognition:

Maximum Exposure under IFRS 9

	<u>2021</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Loans to Members before Expected Credit Loss	2,800,054,686	9,325,479	99,943,506	2,909,323,671
Expected Credit Loss	1,637,358	2,295,270	70,408,215	<u>74,340,843</u>
	<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	<u>60,830,190</u>



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

(a) Credit Risk (cont'd):

(ii) Savings Deposits and Investments

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

(iii) Receivables and prepayments

Interest receivable on loans represent over ninety-one percent (92%) (2020 - 91%) 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:

	2021	2020
	\$	\$
Loans to members, (net)	2,834,982,828	2,515,225,344
Liquid assets-earning	129,786,677	206,047,998
Financial investments	127,477,660	89,484,071
Liquid assets-non-earning	65,410,173	79,264,411
Receivables and prepayments	53,298,019	55,016,833
	<u>3,210,955,357</u>	<u>2,945,038,657</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 \$16,239,583.



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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 0.09 to 1 (2020: 0.48 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 \$
<u>NON-CURRENT ASSETS</u>							
Earning:							
Loans to Members - Net of Provision for Loan Impairment	-	17,651,632	31,400,150	453,644,130	2,190,795,478	141,491,437	2,834,982,828
Financial Investments	-	-	-	-	-	80,148,301	80,148,301
							-
<u>CURRENT ASSETS</u>							
Earning:							
Liquid Assets		129,786,677	-	-	-	-	129,786,677
Financial Investments	-	47,329,359	-	-	-	-	47,329,359
							-
Non-Earning:							
Liquid Assets	65,410,173	-	-	-	-	-	65,410,173
Receivables	49,127,124	-	4,170,895	-	-	-	53,298,019
							-
TOTAL ASSETS	114,537,297	194,767,668	35,571,045	453,644,130	2,190,795,478	221,639,738	3,210,955,357



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YEAR ENDED 31ST DECEMBER 2021

(Expressed in Jamaican Dollars unless otherwise indicated)

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

b) Liquidity Risk (cont'd):

NON-CURRENT LIABILITIES

Interest Bearing:

Savings Deposits	-	-	-	1,163,315,033	47,435,348	-	1,210,750,381
Members' Voluntary Shares	-	-	-	-	1,085,040,826	-	1,085,040,826
Members' Deferred Shares	-	-	-	98,283,478	-	-	98,283,478

CURRENT LIABILITIES

Interest Bearing:

External Credit	13,368,223	-	-	302,198,249	-	-	302,198,249
Savings Deposits	-	-	5,657,118	23,077,367	18,591,518	95,103,131	155,797,357

Non-Interest Bearing:

Payables and Accruals	-	-	80,033,037	-	-	-	80,033,037
Deferred Income	-	-	-	-	-	1,886,121	1,886,121

TOTAL LIABILITIES

	13,368,223	-	85,690,155	1,586,874,127	1,151,067,692	96,989,252	2,933,989,449
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TOTAL LIQUIDITY GAP

	101,169,074	194,767,668	(50,119,110)	(1,133,229,997)	1,039,727,786	124,650,486	276,965,908
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CUMULATIVE GAP

	101,169,074	295,936,742	245,817,632	(887,412,365)	152,315,422	276,965,908	-
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2020

TOTAL ASSETS	128,940,447	265,299,090	25,650,014	1,132,456,992	1,170,641,785	216,709,530	2,939,697,858
TOTAL LIABILITIES	15,039,019	-	88,090,525	1,361,551,978	1,102,551,493	94,152,215	2,661,385,230
TOTAL LIQUIDITY GAP	113,901,428	265,299,090	(62,440,511)	(229,094,986)	68,090,292	122,557,315	278,312,628
CUMULATIVE GAP	113,901,428	379,200,518	316,760,007	87,665,021	155,755,313	278,312,628	-



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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 2021 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 232% or \$1,491,120 movement for the year 2021 (2020 - \$640,920 or 27%). 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 \$149,120 (2020 - \$64,092).

(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>2021</u>		<u>2020</u>	
	Interest Rate %	\$	Interest Rate %	\$
Financial Assets				
Loans to Members after Provision	7.99 - 20	2,834,982,828	7.99 - 20	2,515,225,343
Liquid Assets - Amortised Cost				
CUFMC - CUMAX		81,570,963	-	79,583,688
CUFMC - CUMAX (Cucash)		40,932,662	-	119,353,248
CUFMC - CUMAX (Cupremium)		964,744	-	964,744
Financial Investments -				
FVOCI Securities	2.5	73,362	4	71,553
Amortised Cost Securities	1.05	47,255,997	1.9 - 2	46,762,621
		<u>3,005,780,556</u>		<u>2,761,961,196</u>
Financial Liabilities				
Savings Deposits	1.0 - 8.0	1,366,547,738	3.0 - 8.0	1,090,318,596
External Credits	10.75 - 13.0	302,198,249	10.75 - 13.0	359,255,934
		<u>1,668,745,987</u>		<u>1,449,574,530</u>
		<u>1,337,034,569</u>		<u>1,312,386,666</u>
Sensitivity Analysis - Interest rate sensitivity				
			<u>2021</u>	<u>2020</u>
			-100	-100
			+100	+100

The disclosures provided in this note are based on the Credit Union's investment portfolio as at 31st December 2021.



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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>2021</u>		<u>2020</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 -				
FVOCI Securities	-3.2	(2,348)	-3.2	(2,233)
Amortised Cost Securities	1.95	921,492	1.95	902,325
		919,144		(338,968)
Financial Liabilities				
Savings Deposits	-6	(81,992,864)	-6	(47,753,795)
		(81,992,864)		(47,753,795)
		82,912,009		47,414,827

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 \$
NON-CURRENT ASSETS							
Earning:							
Loans to Members - Net of Provision for Loan Impairment	-	17,651,632	31,400,150	453,644,130	2,190,795,478	141,491,437	2,834,982,828
Financial Investments	-	-	-	-	-	80,148,301	80,148,301
CURRENT ASSETS							
Earning:							
Liquid Assets		129,786,677	-	-	-	-	129,786,677
Financial Investments	-	47,329,359	-	-	-	-	47,329,359
Non-Earning:							
Liquid Assets	65,410,173	-	-	-	-	-	65,410,173
Receivables	49,127,124	-	4,170,895	-	-	-	53,298,019
TOTAL ASSETS	114,537,297	194,767,668	35,571,045	453,644,130	2,190,795,478	221,639,738	3,210,955,357



**PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
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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 \$
NON-CURRENT LIABILITIES							
Interest Bearing:							
Savings Deposits	-			1,163,315,033	47,435,348	-	1,210,750,381
Members' Voluntary Shares	-	-	-	-	1,085,040,826	-	1,085,040,826
Members' Deferred Shares	-	-	-	98,283,478	-	-	98,283,478
CURRENT LIABILITIES							
Interest Bearing:							
External Credit	13,368,223	-	5,657,118	302,198,249	-	-	302,198,249
Savings Deposits	-	-	-	23,077,367	18,591,518	95,103,131	155,797,357
Non-Interest Bearing:							
Payables and Accruals	-	-	-	-	-	80,033,037	80,033,037
Deferred Income	-	-	-	-	-	1,886,121	1,886,121
TOTAL CAPITAL AND LIABILITIES	13,368,223	-	5,657,118	1,586,874,127	1,151,067,692	177,022,289	2,933,989,449
TOTAL LIQUIDITY GAP	101,169,074	194,767,668	29,913,927	(1,133,229,997)	1,039,727,786	44,617,449	276,965,908
CUMULATIVE GAP	101,169,074	295,936,742	325,850,669	(807,379,328)	232,348,459	276,965,908	-
2020							
TOTAL ASSETS	128,940,447	265,299,090	25,650,014	1,132,456,992	1,170,641,787	216,055,455	2,939,043,785
TOTAL 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	265,299,090	(1,391,573,896)	130,160,948	1,120,590,283	39,280,748	277,658,601
CUMULATIVE GAP	113,901,428	379,200,518	(1,012,373,378)	(882,212,430)	238,377,853	277,658,601	-



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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 2021 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	-	4,314,995		4,314,995
Quoted Investments at Fair Value	1,491,120	-	-	1,491,120
	<u>1,491,120</u>	<u>4,314,995</u>	<u>-</u>	<u>5,806,115</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:

	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial Assets:				
<u>Earning</u>				
Loans to Members	2,834,982,828	2,834,982,828	2,515,225,344	2,515,225,344
Financial Investments	127,477,660	127,477,660	89,484,071	89,484,071
Liquid Assets	129,786,677	129,786,677	206,047,998	206,047,998
<u>Non-Earning</u>				
Liquid Assets	65,410,173	65,410,173	79,264,411	79,264,411
Receivables & Prepayments	53,298,019	53,298,019	55,016,833	55,016,833



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

(d) Fair Value (cont'd):

	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial Liabilities:				
<u>Interest Bearing</u>				
Savings Deposits	1,366,547,738	1,366,547,738	1,090,321,145	1,090,321,145
Members' Voluntary Shares	1,085,040,826	1,085,040,826	1,052,499,990	1,052,499,990
Members' Deferred Shares	98,283,478	98,283,478	74,326,521	74,326,521
External Credit	302,198,249	302,198,249	359,255,935	359,255,935
<u>Non - Interest Bearing</u>				
Payables & Accruals	<u>80,033,037</u>	<u>80,033,037</u>	<u>82,622,541</u>	<u>82,622,541</u>



Resolution

Proposed Rule Changes

WHEREAS Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provides for the amendment of Rules, and

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

WHEREAS Article II, Rule 4 is being proposed for amendments in the Rules of the Public Sector Employee Co-operative Credit Union Limited; and

WHEREAS the Public Sector Employees Co-operative Credit Union Limited's bond is for present Government of Jamaica Employees, past employees of the public sector who were members of the Credit Union when they resigned or retired, employees of the Society, and spouses and/or children of members, and

WHEREAS the current membership is limited to spouse and children of active members, and

WHEREAS membership is not open to past employees of the Government of Jamaica, and

WHEREAS membership is not open to other registered co-operatives, and

WHEREAS the Credit Union is actively seeking to expand its membership base to remain viable in the current competitive market.

BE IT RESOLVED that the Interpretation be amended to include the following definitions:
"Family", a group of persons united by the ties of marriage, blood, or adoption,

BE IT RESOLVED THAT ARTICLE II Rule 4 which now reads:

Membership in the Society shall be limited to:

- 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.

BE AMENDED TO READ:

Membership in the Society shall be limited to:

- a) Present and past employees of the Government of Jamaica i.e. Public Sector Employees;
- b) Present and past employees of the Public Sector Employees Co-operative Credit Union Limited;
- c) Members of other credit unions who serve public sector employees;
- d) Family members of active members mentioned above (a-c); Provided that all members of the Public Sector Employees Co-operative Credit Union Limited Shall be of age 18 or older;
- e) Other registered co-operatives.

Moved by: Second by:

No. of Members Voted "For":
(In-person votes) (Virtual votes)

No. of Members voted "Against":
(In-person votes) (Virtual votes)

No. of Members "Abstained":
(In-person votes) (Virtual votes)

Total No. of Members present and voting:
(In-person) (Virtual)



Distribution of Surplus

Your Board of Directors recommend for your approval the surplus of Three Million Five Hundred and Ninety Five Thousand Five Hundred and Ninety One Dollars (JA\$3,595,591.00) to remain undistributed.

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.

DETAIL	AMOUNT (\$)
Undistributed	3,595,591.00
Total	3,595,591.00

Christopher Murdock
Treasurer



Credit Committee Report

Year Ending 2021



Steven Watson
Chairman



Patsie Wallen-Lindsay
Secretary



Carlene Allen
Member



Michael Farquharson
Member



Anthony Lewis
Member

The year 2021 was a challenging year for the Public Sector Employees Co-operative Credit Union, experiencing the harsh economic financial times, in which the Credit Union had to be creative to produce valuable products and services to our members. Nevertheless, the Credit Committee Members ensured that we made ourselves available to approve and ratify the required loans that were presented for processing.

With the relaxing of COVID 19 regulations, more members were able to access services face to face at all our branches and the Credit Union has now started the process of replacing the Access Plus debit card to the Multilink MasterCard that will allow its membership to shop online.

At our last Annual General Meeting held on Friday 10th December 2021, at the Jamaica Pegasus Hotel, Kingston, in a hybrid format, the following members retired and made themselves available for nomination, namely Mr. Michael Farquharson and Mr. Steven Watson. They were both re-elected to serve for another two (2) years.

The Credit Committee meets twice monthly to ensure that all loans meet the required standards for approval in accordance with the rules, regulations, and policies of the Credit Union.

Attendance Report January 2001-December 2021

For the year under review a total of twenty - eight (28) meetings were held

Names	Schedule Meetings	Present	Excuse
Michael Farquharson (Chairman)	28	28	nil
Carlene Allen (Secretary)	28	26	2
Patsie Wallen-Lindsay (Member)	28	28	nil
Anthony Lewis (Member)	28	25	3
Steven Watson (Member)	28	26	2

Acknowledgement

The Credit Committee members wish to show our appreciation to you our valued membership for your continuous confidence and trust for selecting us to serve you during 2021 and we look forward to serving you better in 2022.

We thank the Board of Directors, Management, staff, and other Committee members for their support during the year and look forward to another year of comradeship.

Steven Watson
Chairman

Patsie Wallen-Lindsay
Secretary



Supervisory Committee Report

Year Ending 2021



Jason Rodriques
Chairman



Julian Oscar
Secretary



Omar Drysdale
Member



Sancha Miller-McPherson
Member



Juniffer Dixon-Gordon
Member

As we put a close on another challenging but rewarding fiscal year for the Public Sector Employees Co-operative Credit Union Ltd. (PSECCU), we want to thank everyone for their invaluable input and commitment to the movement.

It is without any hesitation that we are able to reassure you that “Your financial security matters”. Our Credit Union is always responsive to the dynamic financial market and satisfying our members’ financial needs. We continue to witness prudent decisions being ventilated to safeguard all stakeholders.

The Supervisory Committee is the Credit Union’s “Oversight Body” which ensures that the members’ interest is protected. We do this by guaranteeing that the Credit Union is in compliance with the laws, bylaws, regulations, policies and directives of the Board of Directors, and also to investigate 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’s management and officials.

At the 53rd Annual General Meeting held at the Pegasus Hotel in 2021, the following members were duly elected to serve on the Supervisory Committee: -

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

On Monday December 13, 2021, in keeping with rule 48 of the Credit Union’s rule, a special meeting was held by the Committee to choose the Chairman and Secretary. Mr. Jason Rodriques and Miss Julian Oscar were unanimously elected as Chairman and Secretary respectively.

Scheduled meeting attendance for year under Review 2021

Names	Schedule Meetings	Present	Excuse	Absent
Jason Rodriques	15	13	2	nil
Julian Oscar	15	14	1	nil
Juniffer Dixon-Gordon	15	11	4	nil
Sancha Miller-McPherson	15	15	nil	nil
Omar Drysdale	15	15	nil	nil



The Committee is vested with the authority and autonomy to select at random any aspects of the operational activities of the Credit Union they wish to scrutinize. The outcome of these inspections is outlined to the Board of Directors in the form of a report, providing findings and recommendations. During the period under review, the Committee conducted a total of eight (8) visits at the head office and five (5) visits were done at the other branch offices. These visits are normally candid in nature so as to deduce if the standards are being maintained.

The Committee conducted audits, enquires and reviews on a myriad operational activities of the Credit Union which were subsequently reported on a monthly basis to the Board of Directors.

In summary, it is admirable how the Management and Staff navigated through these challenging times so seamlessly to ensure that the outcomes are positive. The Committee is encouraged that the future prospects of the Credit Union are on a promising trajectory.

Acknowledgement

To the Maker and Keeper of life, we thank you wholeheartedly. We want to extend sincere gratitude to the Board of Directors, Management, Credit Committee and staff for their continued support and cooperation, and most importantly, to the general membership, we appreciate you, the most powerful decision-making body of this noble institution.


.....
Jason Rodriques
Chairman
.....
Julian Oscar
Secretary



Meet Our Team



Osmond Bromfield
Chief Executive Officer



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



Charles Tam
Deputy Chief Executive
Officer (Credit & Compliance)



Lisa Harry
Administration & Support
Services Manager



KellyAnn Dixon
Marketing & Communications
Manager



Tracey-Ann Francis
Credit Administration
Manager



Chezray Rodney
Information Technology
Manager



Kimone Cameron
Accounts Manager



Racquel Walters
Branch Supervisor
- Portmore



Patricia Dawson
Branch Supervisor
- St. Mary



Alicia Graham-Carter
Branch Supervisor
- Manchester



Saneisha Thompson
Branch Supervisor
- Montego Bay



Sharon Smith-Linton
Delinquency Officer



Davia Thawe
Loans Officer



Pete Morse
Accounts Officer



Elaine Williams
Accounts Officer



Tamara Newman
Executive Assistant



David Clarke
Information Technology
Assistant



Rachelle Wellington
Senior Loans Clerk
- Manchester



Patricia McLawrence
Senior Loans Clerk
- Portmore



Kadene Saunders
Senior Accounts Clerk



Crystal Scarlett
Senior Loans Clerk
- Montego Bay



Kimoi Page
Senior Clerk
- St. Mary



Neloresa Palmer
Loans Clerk
- Montego Bay



Gavin Mighty
Accounts Clerk



Nicole Coley
Loans Clerk
- Manchester



Jodi-Ann Smith
Customer Care
Representative



Jodi-Ann McBean
Loans Clerk



Shavelle Edwards

Loans Clerk
- St. Mary



Kimberley McDonald

Loans Clerk
- Portmore



Deandra Williams-Bygrave

Loans Clerk



Mishka Walker

Accounts Payables Clerk



Kerryann Smith

Accounts Receivable Clerk



Tamara Taylor

Records Clerk



Jannel Thompson

Loans Clerk
- Montego Bay



Artnel Simon

Accounts Receivable Clerk
- Portmore



Michelle James

Office Attendant
- St. Mary



Tanya Dawkins

Office Attendant
- Montego Bay



Althia Douglas

Office Attendant
- Head Office



Donna Thompson

Office Attendant
- Manchester



Donovan Buchanan

Groundsman



Monica Foster

Office Attendant
- Portmore



Devon McKoy

Security Personnel



Delroy Mitchell

Security Personnel
- Portmore



53rd AGM Highlights







Credit Union Week Highlights





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. Mr. George Hunter – Chairman (Board of Director)
2. Mr. Michael Farquharson - (Credit Committee)
3. Mrs. Tamara Maxwell Green - Deputy CEO

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 2022 Annual General Meeting are:	Board of Directors Retiring at 2023 Annual General Meeting:
Calvin Allen	George Hunter
Jeanette Davis	Christopher Murdock
Dacy-Ann Graham	Errol Adams
Eric Wint	Andrew Johnson
Courtney Faulknor	

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

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

The Credit Committee current status is as follows:

Credit Committee Retiring at 2022 Annual General Meeting are:	Credit Committee Retiring at 2023 Annual General Meeting
Carlene Allen	Michael Farquharson
Patsie Wallen-Lindsay	Steven Watson
Anthony Lewis	

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

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

The Supervisory Committee is elected to serve for a period of one year and all members will retire at this Annual General Meeting. The Nominations Committee recommends that the Supervisory Committee below be elected to serve for the term of one (1) year:

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



PROFILES OF CANDIDATES

Board Of Directors

1. Calvin Allen:
Mr. Allen is an Assistant Commissioner of Police, serving the Jamaica Constabulary Force for thirty-five (35) years. He has been a member of the Credit Union since 1988 and have served on as a Credit Committee member for six years and as a Board of Directors for sixteen (16) years and has held the position of President and Vice President. Mr. Allen holds a MSc. Degree in National Security & Strategic Studies from the University of the West Indies.
2. Jeanette Davis:
Ms. Jeanette Davis is a Deputy Superintendent of Police, serving the Jamaica Constabulary Force for thirty-two (32) years. Ms. Davis has been a voluntary staff member at the Public Sector Credit Union for over 20 years, serving in various capacities to include General Manager in charge of Operations. She has also served on the Board of Directors since 2014 as a member, Vice President and as a President (President in 2019). Ms. Davis holds an Associate Degree in Business Administration and a BSc in Human Resource Management from the University of the West Indies.
3. Dacy-Ann Graham:
Ms. Dacy-Ann Graham is a Superintendent of Police, serving the Jamaica Constabulary Force with assigned duties at the St. Andrew North Division as the Administration Officer. She has served on the Board since 2015, holding various positions such as Assistant Secretary and Secretary. She has been a member of the Credit Union since 2008. Ms. Graham holds a BSc Degree in Economics and Management Studies and a MSc Degree in Human Resource Development from the University of the West Indies.
4. Eric Wint:
Mr. Wint is a retired Deputy Superintendent of Police, having served the force for thirty-seven (37) years. Mr. Wint has served as a Board of Director at the Public Sector Credit Union for over fourteen (14) years and have been a member of the Credit Union for over thirty (30) years. He has training and Certification in Administration and in Vital Infrastructure Security. Mr. Wint has Certification in Risk Management and Microsoft Word-Customer Service.
5. Rev. Dr. Courtney Faulknor, JP:
Rev. Dr. Courtney Faulknor JP., pc is an Assistant Chaplain and holds the honorary rank of a Superintendent of Police in the Jamaica Constabulary Force since 1999, where he caters to the spiritual and psychological well-being of the sworn and unsworn members.

He has been serving the Public Sector Employees Co-

operative Credit Union since 2012 and served as Director, Secretary and Assistant Secretary.

He is a Justice of the Peace for the parish of St. Andrew and holds a Doctorate in Transformational Leadership with Emphasis in Organizational Transformation, from the Bakke Graduate University, Dallas, USA, Master of Arts (Hons) degree in Counseling Psychology from the Caribbean Graduate School of Theology and a Bachelor of Arts in Theology from the Jamaica Theological Seminary.

Credit Committee

1. Anthony Lewis:
Mr. Anthony Lewis is a Deputy Superintendent of Police and has been a volunteer of the Credit Union for the past 29 years and served in various capacity as a Delinquency officer, Risk Manager and Mandeville Branch Manager. Mr. Lewis has served as a member of the Credit Committee. He is a Board member at the Jamaica Constabulary Force Convalescent Centre and the Black River high School. He holds Diploma in Paralegal Studies, Certificate in Supervisory and Financial & Delinquency Management.
2. Patsie Wallen-Lindsay:
Mrs. Lindsay is an Assistant Superintendent of Police and has been employed to the Jamaica Constabulary Force since May 24, 1990. She has been a member of the Public Sector Employees Co-operative Credit Union since 1990 and has served on the Credit Committee since 2008. She holds a Police Certificate in Administration, Certificates in Junior Management, Proceeds of Crime Act, Risk Management, Microsoft Word-Customer Service.
3. Carlene Allen:
Mrs. Allen is a serving member of the Jamaica Constabulary Force for over 26 years. Mrs. Allen served at the Credit Union for over 17 years in various position including Loans Manager, and she has served the Credit Committee since 2014. She holds an Associate Degree in Business Administration and Certificates in Supervisory Management, Total Customer Care, Effective Credit Risk Management, Management of Non-performing Loans, Credit Administration, Delinquency Control & Collections, Records Management, Legal Framework of Co-operative Societies, proceeds of Crime Act, H.E.A.R.T Enterprise Base Training.

Supervisory Committee

1. Sancha Miller-McPherson:
Mrs. Miller-McPherson is a Sergeant of Police employed to the Jamaica Constabulary Force (JCF) for over 17 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, Proceeds of Crime Act and Audit Techniques for Internal Auditors & Supervisory Committee.

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

2. Juniffer Dixon-Gordon:

Mrs. Dixon-Gordon is a Sergeant of Police with twenty two (22) years of service in the Jamaica Constabulary Force and is currently assigned to the Welfare Office. 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.

Mr. George Hunter
Chairman

3. Omar Drysdale:

Mr. Drysdale has been employed to the Jamaica Constabulary Force for the past fourteen (14) years and is currently stationed at the National Police College of Jamaica (NPCJ). Mr. Drysdale has served on the Supervisory Committee for the past eight (8) 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.

4. Julian Oscar:

Ms. Oscar is a Corporal of Police with 18 years of service and is 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 seven (7) years in capacities as Secretary and member. 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 assigned to the Kingston Western Division and perform the role & responsibilities as Patrol Supervisor for the Division. Mr. Rodriques has been a member of the Jamaica Constabulary Force for 19 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 in capacities as Chairman and member.



Delegates' Report

On the Jamaica Co-Operative Credit Union League's 80th AGM



Andrew Johnson
Delegate



Tamara Maxwell-Green
Delegate

The Public Sector Employees Co-operative Credit Union Ltd. (PSECCU) Board of Directors elected Mr. Andrew Johnson (Asst. Treasurer) and Mrs. Tamara Maxwell-Green, (Deputy CEO), as Delegates to the JCCUL AGM whilst Mr. George Hunter and Mr. Christopher Murdock were respectively elected as alternate delegate to The Jamaica Co-operative Credit Union League's (JCCUL) 80th Annual General Meeting, which was held virtually at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston on May 22, 2021.

THE REPORT ON THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE'S 80TH AGM

The JCCUL 80th AGM was held under the theme **"Building Financial Health for a Brighter Tomorrow"** and had representatives from twenty five (25) credit unions as Delegates, Alternates Delegates and Observers. There were other attendees such as JCCUL staff, JCCUL Board of Directors and affiliated stakeholders to name a few.

A special resolution was presented to the meeting for Rule Changes to be done to allow for virtual and or hybrid meetings. The amendments were accepted on a motion moved by Brenda Cuthbert of NCB Employees Co-op. Credit Union and seconded by Andrea Wilson-Messam of Broadcasting & Allied Services Co-op. Credit Union. A vote was carried out and the majority was in favour of the changes. The Registrar of Co-op. & Friendly Societies, therefore, approved the amendments and the changes became effective immediately.

The President in his opening remarks referred to the theme of the AGM **"Building Financial Health for a Brighter Tomorrow"** and stated that it was in the context of the movement celebrating 80 years. The Movement not only survived but added value to its members, thus fulfilling the vision of the founding fathers. In addition to the disruption by the pandemic, the Movement was expecting a new regulatory framework but collectively, the Movement would overcome the challenges and would prevail for another 80 years and beyond.

The Chairman in presenting the Board of Directors report for the year ending 2020, highlighted various areas of which a few is extracted below:

CREDIT UNIONS' PERFORMANCE

The Movement improved its savings, loans, and assets portfolios during the year; however, growth in loans fell below the growth rate in 2019 and credit unions were urged to work towards growing their loan portfolios. The President stated that a rebranding of the Movement was in progress, and he asked credit unions to use the opportunity to grow membership in order to remain viable in the very competitive financial landscape.

OVERVIEW OF THE GROUP'S PERFORMANCE

The Group achieved most of its strategic and financial goals for 2020. While most strategic targets were achieved, some notable exceptions lead to a 3% shortfall from the overall expected target. Despite costs being largely contained throughout the year, the Group's profit ended approximately \$10 million below budget, largely due to underperforming revenue. However, all subsidiaries were profitable.

STABILIZATION FUND

As of December 31, 2020, the Stabilization Fund balance was \$1.8 billion, a decline of 0.76% from December 2019. Total revenues declined by 9.2% which was attributable mainly to the reduction in the rate charged for Stabilization dues from 0.15% to 0.10% of savings. Total expenditure amounted to \$183.4 million, mainly for items related to assisting credit unions to comply with the AML/CFT regime, funding to offset the cost of acquiring transaction monitoring software and funding the upgrade of the AccessPlus debit card.

CONSOLIDATED FINANCIAL RESULTS

The Group recorded a consolidated net surplus of \$122 million from its operations, which was a 7% decline when compared to 2019. The Group's consolidated earnings of \$1 billion for 2020 included income from investments, fees & commission,



loan and lease receivables, foreign exchange gains, members' dues, and other income. The Group's total operating cost of \$859 million, represented a 6% decrease in expenses when compared to 2019. This was due mainly to a reduction in audit expenses, amortization and depreciation, legal and professional fees, and asset tax. There were increases in staff costs and other administrative expenses. The Group's taxes for the year were \$53.9 million. The consolidated balance sheet reported assets of \$5.28 billion at December 2020, a marginal change of \$26 million. The Group had settled on its strategic plan to manage its major investments off balance sheet, and as of December 31, 2020 had direct funds under management for clients of \$18.4 billion, along with other managed group portfolios from which it earned fees. Return on assets for the Group for 2020 stood at 2.3%; the capital ratio was 26.9% and income to assets ratio was 19.6%.

RESOLUTION: RULE CHANGE

The Chairman presented a resolution for proposed changes to rule 15 – Liquidity Reserves. The amendments to Rule 15 were put to the vote and the motion was carried with 19 credit union voting for, none against and 6 abstentions.

MOVEMENT REBRANDING

The Chairman advised the meeting that the rebranding of the Movement had been launched with the tag line "My Credit Union, My Family...Fi Mi Credit Union, Fi Mi Family". This would be promoted through multiple media and the League would be partnering with individual credit unions to ensure the marketing effort was impactful.

AWARDS

Credit union of the year (2020) were awarded in the four categories as follows;

Categories	Winner	Runner Up
Large	C&WJ	JTA
Medium	JDF	Portland
Small	Grace	Essential & Emergency Services

Highest Asset Growth - Grace
 Highest Solvency - JDF
 Highest Net Capital Growth - JTA

CPD Online Awards (2020)

CPD Online Top User - Stephen Clarke of First Heritage
 Top Performer on CPD online - First Heritage
 Runner up Performer on CPD online - Lascelles Employees & Partners

The 2020-2021 JCCUL Board members are as follows:

Lambert Johnson	-	President
Andrea Wilson-Messam	-	1st Vice President
O'Neil Grant	-	2nd Vice President
Norris Gilbert	-	Treasurer
Patrick Smith	-	Asst. Treasurer
Jerry Hamilton	-	Secretary
Brenda Cuthbert	-	Asst. Secretary
Winston Fletcher	-	Immediate Past President
Carol Anglin	-	Director
Ryan Muir	-	Director
Martin Blackwood	-	Director
Michael Anglin	-	Director
Alexander Bourne	-	Director
Bornette Donaldson	-	Director
Hector Stephenson	-	Director

Your delegates are honored to have been elected to represent the PSECCU's interest at the JCCUL's AGM.

Signed:

Andrew Johnson
JCCUL Delegate

Tamara Maxwell-Green
JCCUL Delegate



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:

Date of Death	Name
19/01/2021	Sansalvador Willis
29/01/2021	Dane Williams
23/02/2021	Christie Crosdale
13/03/2021	Tameicha Powell
17/03/2021	Ann-Marie Ingram
30/03/2021	Jermaine Bennett
05/04/2021	Heron Tater
07/05/2021	Shenroy Morris
10/05/2021	Michael Teape
11/05/2021	Carl Bedward
24/06/2021	Rainford Harding

Date of Death	Name
18/08/2021	Delwin Jackson
19/08/2021	Michael Shalland
06/09/2021	Samuel Graham
12/09/2021	Miguel Johnson
24/09/2021	Paul Gordon
27/09/2021	Eulalee Beckford
28/09/2021	Neville Knight
30/09/2021	Sydney Farquharson
01/10/2021	Shanika Murdock
25/10/2021	Orlando Irons
22/12/2021	Foster Simmonds



Notes

A series of horizontal lines for writing notes, starting from the top right and extending across the page, with a diagonal line on the left side.

