



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



# 2022

## 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*

### **55<sup>TH</sup> ANNUAL GENERAL MEETING**

*of the*

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

*will be held on*

**SATURDAY, AUGUST 19, 2023**

*at*

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

**Meeting format: HYBRID**

Attendance Registration: [www.psecreditunionja.com](http://www.psecreditunionja.com)

Commencing at 4:00 p.m.

**DRESS CODE: FORMAL**

Errol Adams  
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.

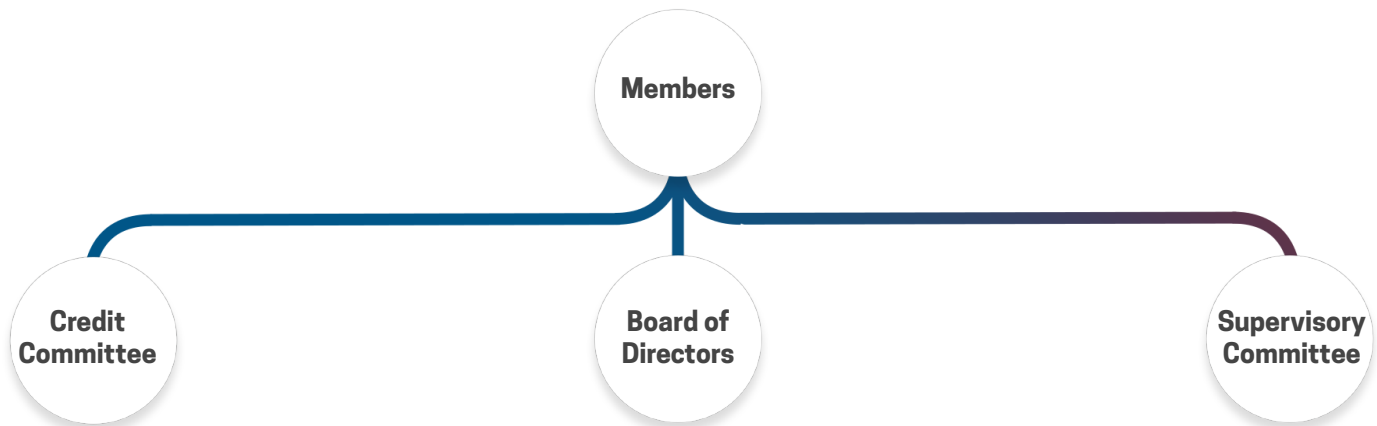
## VALUE STATEMENT

- 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

- Ascertaining that a quorum is present
- Call to Order
- Opening Prayer
- Moment of Silence for Deceased Members
- Welcome and Apologies
- Dinner
- Confirmation of Minutes of the 54th Annual General Meeting held on September 10, 2022 and Discussing Matters Arising There From
- Reports of the:
  - i Board of Directors
  - ii Treasurer and Auditors
  - iii Credit Committee
  - iv Supervisory Committee
  - v Nomination Committee - Nominees acceptance
- Resolution
  - i Fixing of Maximum Liability
  - ii Delinquent Loans Write Off
- Appointment of Auditors
- Any Other Business
- Drawing of Prizes
- Vote of Thanks
- 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 can be accepted again by the Chairman, unless he is of the opinion that the circumstances have materially altered in the meantime.

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# 54th Annual Meeting Minutes

Held Sep. 10, 2022 at The Spanish Court Hotel, 1 St. Lucia Avenue, Kingston 5.

## Present at the Head Table were:

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

## CALLED TO ORDER

The Chairman Calvin Allen declared that he was advised by the Secretary that a quorum was in place and proceeded to call the 54th 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 set the tone for prayer, stating that praying should be done naturally but sometimes occasions and situations forced us to pray. He added that the over 100 persons seated in the audience might be alive and well but we all knew of persons who were not that fortunate. So those were reasons we go to God in prayer giving thanks for life, for health, for the wherewithal to be there and most all to supplicate on the behalf of our less fortunate. With that he invited Reverend Courtney Faulknor to do the devotional exercise and to pay homage to those members who had passed-on during the year being reviewed. Subsequent to the devotional exercise, which ended with the repeating of the Prayer of St. Francis, Reverend Faulknor invited the meeting to stand and share in a moment of silence in honour of the persons who had passed. These members were:

- |                      |                      |
|----------------------|----------------------|
| ▪ Sansalvador Willis | ▪ Rainford Harding   |
| ▪ Dane Williams      | ▪ Delwin Jackson     |
| ▪ Crosdale Christie  | ▪ Michael Shalland   |
| ▪ Tameicha Powell    | ▪ Samuel Graham      |
| ▪ Ann-Marie Ingram   | ▪ Miguel Johnson     |
| ▪ Jermaine Bennett   | ▪ Paul Gordon        |
| ▪ Heron Tater        | ▪ Eulalee Beckford   |
| ▪ Shenroy Morris     | ▪ Neville Knight     |
| ▪ Michael Teape      | ▪ Sydney Farquharson |
| ▪ Carl Bedward       | ▪ Shanika Murdock    |
| ▪ Orlando Irons      | ▪ Foster Simmonds    |

## APOLOGIES FOR ABSENCE

No apology for absence was received.

## WELCOME AND OPENING REMARKS

The Chairman welcomed and acknowledged all the persons present at the 54th Annual General Meeting of the Public Sector Employees Co-operative Credit Union Limited, complimenting them on their elegance. He reminded the gathering that it was a hybrid meeting and paused to welcome the people who were participating on-line, expressing his disappointment that they were not able to be present in person. He extended a special welcome to some key guests who were visiting from other Credit Unions and other affiliate entities as well as some stalwarts from the former ISCF and our own Credit Union. Among them were: Mrs. Katrina D'Aguilar from the Jamaica Co-operative Credit Union League; Ms. Treshan Thompson, Miss Nadia Byfield and Mrs. Shauna Bailey Knight from the Department of Co-operatives and Friendly Societies, Mr. Dawkins Brown from Crowe Horwath Jamaica, Mr. Carl Bryan our stenographer and Mr. Weeman Clarke from Emergency and Essential Services and Partners Co-operative Credit Union. Among the former members of the ISCF who Mr. Allen said were very instrumental in his professional growth were: Mrs. Yvonne Johnson-Harrison, DSP Sandra Francis, Mr. Neville Howard, Miss Valdalee Allen and Miss Ilene McKenzie. Special recognition also went out to the: -

## Credit Committee

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

## Supervisory Committee

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

## MINUTES OF THE 53RD ANNUAL GENERAL MEETING HELD JUNE 9, 2018

The President invited the Secretary Miss Dacy-Ann Graham, to lead that segment of the proceedings. Miss Graham informed the meeting of the pages on which the Minutes could be found (page 10-17) and invited a motion for them to be taken as read. A motion was so moved by Mrs. Yvonne Johnson-Harrison and seconded by Miss. Erica Johnson

## CORRECTIONS AND CONFIRMATION

No corrections or omissions were identified in the Minutes; they were then confirmed on a motion by Mr. Michael Farquharson seconded by Mr. Joel Betty.

## MATTERS ARISING FROM MINUTES

No matter for discussion arose from the Minutes.





Before continuing, the President commented on the importance of capturing and presenting the Minutes. He commended the efforts of the Secretary who did a high-quality job in that regard.

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

The report of the Board of Directors was delivered by the Chairman and President of the Board of Directors, Mr. Calvin Allen. He reported that it was another successful year of operation for the Public Sector Employees Co-operative Credit Union notwithstanding the challenges faced as a result of the COVID-19 global pandemic. He highlighted that the entity realized **\$12M** in Net Profit and recorded Total Assets of **\$3.337B**, representing growth of **8.2%**.

The Chairman emphasized that the Credit Union remained dedicated to the members and even in challenging times, anticipated and responded to the members changing needs. He paused to further emphasize the importance the Management Team and Volunteers through their efforts, placed on being true to our motto "Where Your Financial Security Matters Most".

### The National Financial Landscape

The Chairman reflected on the Jamaican economy within the context of the performance of the Credit Union. He stated that the economy rebounded substantially from the 10.2% decline in 2020 to record growth of 4.6%, this was due mainly to the easing of COVID-19 containment measures locally and internationally which facilitated increased domestic and external demands. This he said, contributed to an overall improvement in economic activities in spite of the global pandemic which continued throughout 2021.

- The Statistical Institute of Jamaica, STATIN, reported that inflation closed the calendar year 2021 at 9.1%, an increase over the previous year's 5.1%.
- The Jamaican dollar continued its depreciation against its major trading partner the US dollar. The local currency closed the year at \$155 having started the year at \$142.65, an 8.7% depreciation over the period.
- The Bank of Jamaica during 2021 maintained the policy rate of 0.5% per annum. This decision was based on its assessment that inflation would continue to trend in keeping with the Bank's inflationary target of 4-6% over the next 2 years.
- The Net International Reserves, NIR closed the year at US\$3.99B representing 33.5 weeks of goods and services imports.

Notwithstanding the many challenges brought on by the pandemic, the domestic financial system recorded growth in all its portfolios. There were:

- Loans growth of 9.31%
- Deposit growth of 16.2%

- Total Assets growth of 13.4% and
- Savings growth of 13.09%.

### The Credit Union Movement's Performance

The President reported that despite the environmental challenges, the 25 credit unions that constituted the Movement, saw improvements in all three areas; Total Assets, Net Loans and Savings for the year ending December 31, 2021. However, there was a decline in membership across the Movement. He went on to highlight the performance of the key areas as follows:

- Total Savings grew by 10.4% from \$105.7B to \$116B at the end of 2021
- Net Loans increased from \$91.34B to \$96.9B or 6.1% over 2020
- Total Assets grew by 9.8% to \$150.3B from \$136B
- Membership declined from the 1,034,962 recorded in 2020 to 1,000,157 as December 31, 2021.

In providing further analysis of the Movement's performance, the President reported that 24 of the 25 Credit Unions increased their Total Savings with 13 of them doing so by double digits. For the calendar year 2021, 20 of the 25 Credit Unions achieved growth in loans. Of this 20, nine witnessed double digit growth. Fourteen of the 25 experienced stronger loans growth in 2021 when compared to the previous year. While all 25 Credit Unions recorded positive changes in their assets, only 11 achieved asset growth which was above the 9.1% inflation rate recorded for the year.

### Performance of The Public Sector Employees Co-operative Credit Union

The Chairman in continuing his report stated that the Public Sector Employees Co-operative Credit Union realized another successful year of operations which resulted in Total Assets increasing to \$3.337B, Gross revenue declining to **\$330M** moving from **\$356M** in 2020. Expenses were contained at **0.68%** or **\$318.3M** resulting in Net Income of **\$12M** for 2021.

### Key Financial Indicators

As shown by the various performance indicators the Public Sector Employees Co-operative Credit Union maintained its strong growth trajectory throughout 2021. They indicated that Net Loans moved from **\$2.515B** to **\$2.834B**, an increase of **\$319M**. Savings grew by **\$308M** moving from **\$2.143B** to **\$2.451B**, Capital grew by **10.06%** or **\$36.6M** to **\$400M**, while Assets recorded growth of 8.4% or \$254M, moving from \$3.084M to \$3.38B.

### Capital Base

The President continued his presentation by pointing out that the credit union's objectives when managing capital are to safeguard its ability to continue as a growing concern; to provide returns to its members and benefits to its stakeholders; and to maintain a strong capital base in order to

support development to fit the credit union's business.

We continued to work in readiness for the passing of the draft Credit Union Act and Regulations and reminded the meeting that Capital Adequacy was the main requirement for licensing under the draft BOJ Credit Union Regulations. He proudly pointed out that our Institutional Capital stood at 10.06% which was above the minimum requirement set by the Jamaica Co-operative Credit Union League's PEARLS standard and the Bank of Jamaica primary ratio of 8% and 6% respectively.

### Performance In Key Areas Of Operations

The performance of the credit union in key areas for operations resulted in:

- Savings and Deposits at the end of 2021 being at **\$2.45B** up from the **\$2.14B** reported as at December 31, 2020, this represented an increase of **\$308.7M** or **14.41%**. the growth in this portfolio was driven by initiatives which focused on investment and wealth management and included saving programmes offering high rates of return.
- The Loan Portfolio at the end of 2021 was **\$2.834B** up from the **\$2.5B** reported as at December 31, 2020 an increase of **\$319.7M** or 12.71%. Loans disbursed for the year totaled **\$1.2B**.

### IFRS 9 Provisioning

The Chairman reminded the members that the Credit Union had adopted the International Financial Reporting Standard 9 (IFRS 9) which essentially required Credit Unions to recognize Expected Credit Losses (ECL) for certain financial asset. The adoption of this standard had significantly impacted how the Credit Union made provisions for delinquent loans. Consequently, the loan loss allowance increased by 22.2% or \$13.5M to \$74.3M at the end of 2021, from \$60.8M at the end of 2020. The increase in this allowance was due mainly to adjustments to how the provisioning for delinquent loans were calculated.

The Delinquent Loans Portfolio increased by **43.68%** over the operating period, moving from **\$76M** at the end of 2020 to **\$109M** at the end of 2021, a change of **\$33.2M**. The Credit Union continued to employ different methodologies to manage delinquency. To include but not limited to telephone calls, written reminders/warnings monthly, employment of debt collectors and pursuing legal action. Members' credit history was also assessed through the services of two Credit Bureaus.

### Risk and Compliance

The Credit Union remained resolute in its endeavours to create value for its members and ensured there was continued growth and sustainability for the Credit Union, while sound principles and best business practices were maintained. Additionally, we continued to build and enhance our Enterprise Risk Management (ERM) Framework which incorporated the Board, Management and Staff in an effort to identify, measure and manage the possible risks that might affect the Credit

Union. The President indicated that policies, procedures and programmes were implemented to prevent and detect money laundering and the finance of terrorist activities in compliance with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) laws.

Throughout the operating period 2021 the credit union ensured that its legal obligation with regards to money laundering and terrorist financing was adhered to by engaging in the following activities:

- Threshold and Suspicious Transaction reporting to the designated authority.
- Ongoing customer due diligence exercises
- Ensuring employees integrity.
- Ongoing evaluation of the Credit Union's compliance with laws and regulations.
- AML/CFT and POCA training and retraining of staff, management and volunteers.

The President highlighted that with the coming of the Credit Union Act, the Bank of Jamaica would be considering the credit union's risk management framework during the licensing exercise. The Board was committed to implementing and maintaining the tools and resources required to support the risk management framework with emphasis on money laundering and terrorist financing preventing and detection.

### Business Continuity Plan

The President further reported that the Credit Union kept focus on business continuity to ensure continued operation in the event of natural disasters. The Business Continuity Plan was revised, and a robust COVID-19 Management Plan was implemented, Employee safety protocols were established and there were continuous sanitization and cleaning of the office.

### Staff Development

Being aware that our human resource must be able to support and enable the execution of strategy through the building of organizational capacity, the Credit Union ensured that our Volunteers/Committee members, Management and Staff were trained to the highest level of proficiency relevant to their job functions and to enhance their ability in providing quality service and professional advice to the membership. The Board of Directors continued to invest significantly in the development and training of Directors, Committees, Management and Staff to add significant value to the Credit Union. Several internal training programmes were conducted via the online platform, covering areas such as: Customer Service, Sales and Cross Selling, Customer Charter and Complaints Procedure, Proceeds of Crime Act, Policy Review and Products and Services Overview.

Management, Staff and Volunteers also participated in training programmes conducted by the League. These



included: Financial Instruments (IFRS 9), Credit Administration, Classification and Provisioning and Non-Accrual Requirement Workshop, Insolvency Act Awareness Session, Business Continuity Planning and Sensitization Workshop, Audit Technique for Supervisory and Internal Auditors, Orientation for New Credit Union Staff, Delinquency Management and Meeting Protocols for Credit Union Presidents and Secretaries.

### **Staff Complement**

At the end of 2021, the Credit Union had a staff complement of 45, serving the head office and four other branches. Throughout the year one person was employed, four resigned, three were promoted and one passed on.

### **Products and Services**

The Chairman indicated that 2021 saw planned activities and engagements being cancelled due to the COVID-19 pandemic. Notwithstanding, the Credit Union was resilient in their efforts and overcame the many challenges faced and found new ways of doing business and reached out to our prospective and current members. The marketing team was able to keep our brand visible on several media platforms.

### **Access Plus, Debit MasterCard Upgrade**

The Chairman further reported that the Credit Union in conjunction with the League had upgraded the Debit Card Switch and we are now offering a new Access Plus™ Debit MasterCard with other enhanced services. The upgrade had significantly improved the features and offerings of the Credit Union's debit card such as the EMV 'chip and pin' technology. This technology would provide greater security features for all transaction types. The card would allow for international point of sale and ATM transactions as also online shopping in both local and foreign currencies. Additional services would include enhanced internet banking services and bill payment through Bill Express. The President stated that Credit Union would also have the opportunity to provide interconnectivity services which would allow members to conduct transactions at any of the branches. Mr. Allen concluded that the League was in the process of getting regulatory approval. He reminded and encouraged the meeting that if they had not received their cards already they should just attend the nearest branch office and access them as they were free of cost.

### **Savings and Investments**

Members were constantly encouraged to build and maintain healthy financial practices. To facilitate this, the credit union continued to offer several savings and investment options such as Deferred Shares Offerings, Special Deposits, Golden Harvest, Regular Deposits, Christmas Club and the Youth Savers Accounts. The growing of the savings and deposits portfolio was one of the targets for the Marketing Department and as at December 31, 2021 the portfolio recorded growth of 14.41% to close the year at \$2.451B. The success of marketing strategies was further evident in the growth rate of the Savings and Deposit and Special Deposit Portfolio as also in new members.

### **Other Services**

The Credit Union continued its offering of supplementary services such as Bill Express and the Family Indemnity Plan (FIP) Insurance. He paused at this point to give testament of the importance of having the FIP at that crucial point of need. He went on to report that the line of products offered by the Credit Union featured secured and unsecured loans for all purposes, and savings accounts which attracted the most competitive rates of return on the market. He highlighted the reduction of rates on Home Acquisition Loans, Home Equity Loans and new Motor Car Loans to 7.99%, 8.99% and 7.99% respectively. The Credit Union's partnership with the National Housing Trust was also highlighted. In this partnership, members earning up to \$42,000.00 per week could access up to \$1.5M to assist with home acquisition deposits, repairs, solar panel installation etc.

### **Advertisement and Promotions**

The President outlined that the inability of the team to engage members in a face-to-face setting during 2021, resulted in special emphasis being placed on promotional and advertising strategies. These strategies were designed to ensure that our products and services were reaching our core membership and target market. Included in these strategies were radio and television advertisement on our more popular stations, quarterly print advertisements in the Financial Gleaner and the Observer, erection of a billboard close to the Mandeville branch to ensure brand visibility island wide.

Social media was also utilized in our promotions as well with both the Instagram and Facebook platforms featuring prominently. There were also campaigns on the Google network through Google Display Ads, Google AdWords and True View instream Ads.

### **Digital Marketing**

The Credit Union was always looking for ways to market the entity and its products. After carefully assessing the market environment it was evident that there was a need for digital engagement. Several social media promotions were developed on our Facebook and Instagram platforms as well as the Google network. This resulted in 102% increase in clicks and 165% impressions for the Google AdWords platform; 687% increase in clicks and 25% in impressions for the Google Display Ads platform.

### **Credit Union Week Activities**

The President reported that Credit Union Week 2021 was celebrated from October 17-23 under the theme "Building Financial Health for a Brighter Tomorrow." Members were engaged on our social media platforms where they were celebrated and were able to vie for daily prizes and surprises. The less fortunate in our society were not forgotten and so food items were donated to the Glenhope Orphanage as part of the week's activities.

## Customer Relationship Management

Mr. Allen further reported that the goal of the Credit Union was to improve member service relationships, maintain member retention and drive sales growth. Good member relationships were maintained through quarterly Newsletters, SMS messages, birthday messages and email messages. Members were also able to submit queries via Live Chat on our website and our social media pages for real-time responses. Importantly, welcome letters were also sent to every new member.

## Digital Recruiting of Members

The Chairman added that with the limitations faced in conducting face to face presentations and recruitment, online on-boarding of members was introduced to allow prospective members to start their membership application online and thereafter 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 Justice, Ministry of Transport and Mining, Ministry of Finance, Ministry of Foreign Affairs, Passport Immigration and Citizenship Agency, Jamaica Promotions Corporation and Tax Administration Jamaica.

## Member Service Survey

Feedback from members relative to the quality of our products and services is always important. The Credit Union throughout 2021 employed several strategies to solicit this feedback. One such strategy was a member survey. The results indicated that 92% of the respondents were very satisfied with our customer service and rated it among the best when compared to other financial institutions, 70% indicated that our product and services were meeting their needs and 93% would recommend our products and services to their families and friends.

## Out Reach

Mr. Allen stated that our commitment to being good corporate citizens continued unabated. Despite the challenges brought on by the pandemic, the assistance to our members, other institutions and individuals during 2021 never waned. Beneficiaries of note were: Forty-Nine PEP Awardees - **\$980,000.00**, Four Memorial Scholarships - **\$800,000.00**. significant donations were also made to members displaced by fire and other natural causes as also to the Glenhope Orphanage.

## Conclusion

The Chairman informed the meeting that notwithstanding the impact of the global pandemic and the dynamic operating environment, the Board continued to employ the necessary strategies to achieve reduction in operating expenses, greater income generation, improved productivity, provide support in order to create a bastion for members against the impact of economic and financial challenges.

He indicated that the Credit Union remained accountable to our stakeholders, members, staff and volunteers. We stood ready to embrace and withstand whatever challenges may come and remain resilient in the face of events like COVID-19. The provision of necessary resources for the maximum protection of our members and families was still our forte as we traversed this period together. As a Board, we remain true to our commitment to develop creative, comprehensive and suitable products and services to meet members' needs while practicing the principles of Prudential Financial administration.

## Appreciation

The Chairman on behalf of the Board of Directors expressed gratitude to the following, groups and organizations who partnered with it and gave tremendous support throughout 2021:

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

Acknowledging that the Board could not have done it on its own, the Chairman expressed special appreciation to the Chief Executive Officer and his capable Management Team and Staff. Special appreciation was extended also to the Credit and Supervisory Committees for their support and assistance throughout the year. The big expression of appreciation, however, was to the membership for their trust, their confidence, and their support throughout the period. It was a pleasure for the Board to have served, and it was looking forward to serving again.

## Queries/Comments from the Board's Report

No queries or comments emanated therefrom.

## Adoption

The Board's Report was adopted on a motion from Ms. Ilene McKenzie seconded by Mr. George Hunter.



## TREASURER'S REPORT

Before commencing his report, the Treasurer, Mr. Christopher Murdock invited Mr. Dawkins Brown from the auditing firm Crowe Horwath to read the Auditor's report. He then presented the highlights from his report.

### Suspension of Standing Order

A motion for the suspension of the Standing Order to allow for dining was moved by Mr. Errol Adams at 7:48pm, seconded by Mr. Llewellyn Wynter and was unanimously carried.

### Resumption of Standing Order

A motion for the resumption of the Standing Order was moved by Mr. Maurice Channer and seconded by Mr. Nickoyon Brown.

### Background

The Treasurer gave a brief background of the Jamaican economy stating that the country endured a full year of COVID-19 pandemic over 2020. However, despite the associated challenges the economy showed signs of recovery as the Gross Domestic Product (GDP) grew by approximately 4.6% compared to a decline of approximately 9.9% for 2020. Inflation continued to increase and closed the year at 9.1%, an increase of 2.7% when compared to the 6.4% recorded the previous year. The inflation rate for 2021 was well above the Bank of Jamaica's targeted rate of 4% - 6%. The Jamaican Dollar continued its slide against the United States currency and declined by 8.72% following on its 7.60% decline in 2020.

It was another successful year for the Public Sector Employees Co-operative Credit Union as it maintained its strong growth trajectory for 2021. Interestingly, the Credit Union outperformed the Credit Union Movement in some key financial indicators. The Movement's growth rate of 6.10% was doubled by another year of double-digit loans growth of 12.94% increasing loans from \$2.525B to \$2.834B, an increase of \$319M. Growth in Savings was 14.41%, significantly higher than the Movement's average of 10.30%. This represented a change of \$308M increasing from \$2.143B to \$2.451B.

The Treasurer continued by reporting that Capital grew by 10.06% or \$36.6M to \$400.6M moving from \$364M, also surpassing the Movement's average of 9.49%. Asset growth was recorded at 8.24%, this was below the Movement's average of 9.88%. This was an increase of \$254M moving from \$3.084B to \$3.338B. Mr. Murdock pointed out that the financial strength of the Credit Union is proven year to year as we continued to outperform the Credit Unions' Movement averages.

The Treasurer drew attention to the Credit Union's income for the period, which indicated that the Credit Union had experienced a decline. This was as a result of the Credit Union reducing loan rates to ease the financial burden on members brought on by the COVID pandemic. Consequently, loan income declined by \$12M or 2.68% to \$440M down from the \$452M achieved in 2020. Mr. Murdock added that the investment

income benefitted from the recovery in the national and global markets and increased to \$10M after closing 2020 at \$2.6M, a movement of 291% or \$7.24. Other income declined from \$23M at the end of 2020 to \$19M at the end of 2021, a change of \$4M or 18.83%. The Credit Union closed the year with realized income of \$470M compared to the \$479M earned in 2020, a decrease of \$9M or 1.91%.

### Profitability

Mr. Murdock informed the meeting that the year 2020 was a record-setting year for the Credit Union in respect to profitability. The \$45.5M realized was the highest Net Income recorded in the history of the Credit Union. For 2021 profit declined by 73.61% or \$33.5M to close the year at \$12M. This reduction was attributed to gross income declining by \$26M to \$330M in 2021 moving from \$356M in 2020. Additionally, Operating Expenses increased by 2.52% or \$8M to \$318M up from the \$310M recorded the in prior year. Total comprehensive income also showed a decline, moving from \$42M to \$1M a change of \$41M or 97.33%.

### Conclusion

In closing the Treasurer extended appreciation to the Management and Staff of the Credit Union for their unwavering dedication to the cause of the Credit Union despite the challenges brought on by the COVID-19 Pandemic. He expressed thanks too to the Department of Co-operatives and Friendly Societies, Crowe Horwath Jamaica, and the Jamaica Co-operative Credit Union League for their support throughout the year. Most importantly, he expressed thanks to members who elected him to serve on the Board of Directors who then gave him the opportunity to serve as Treasurer. It was his esteemed pleasure to have served.

### Adoption of Report

The Treasurer's Report was adopted on a motion by Miss Ilene McKenzie, seconded by Miss Erica Johnson.

## CREDIT COMMITTEE

The report of the Credit Committee was presented by its Chairman, Mr. Steven Watson. He spoke to the harsh economic and financial climate in which the Credit Union had to operate in 2021, during which it had to be creative in providing the kind of products and services which were not only valuable but relevant to the members' needs. The Committee during that time made itself available to approve and ratify those loans which were presented to them.

He reminded the meeting of the roles and responsibilities of the Committee, ensuring that all loans met the required standards for approval in accordance with the rules, regulations and policies of the Credit Union. Mr. Watson highlighted that the Committee meets twice monthly to carry out their roles.

A total of 28 meetings were held by the Committee for the year under review. He was pleased to report that there was strict adherence to laid down rules, regulations and policies as they affected Credit Administration. Mr. Watson ended his report



by expressing gratitude firstly, to the members for showing confidence in electing them to serve. Then to the Board of Directors, Management, Staff and the other Committees for their tremendous support that contributed significantly to the Committee's success. He expressed his anticipation of their continued support during the coming year.

### **Adoption**

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

### **SUPERVISORY COMMITTEE**

The report of the Supervisory Committee was presented by its Chairman, Mr. Jason Rodriguez. He began by thanking everyone for their invaluable input and commitment to the Credit Union Movement. He added that without hesitation he could endorse that at the PSECCU, the member's financial security mattered most. He stated that he knew for a fact that the entity was always responsive to the dynamic financial market and the satisfaction of the member's financial needs. He bore testament to the prudent decisions being made all geared towards safeguarding our stakeholders.

He restated the role of the Committee as that of being the Credit Union's oversight body which ensured that members' interests were protected through intense scrutiny which guaranteed that the Credit Union remained compliant with the laws, by-laws, regulations, policies and directives of the Board of Directors. He added that the Committee also responded to complaints from members and conducted investigations where necessary. He reminded the meeting that the Committee consisted of five voluntary members who operated independently of the Credit Union's Management and Officials.

Mr. Rodriguez further reported that during the period under review, the Committee conducted thirteen (13) unannounced visits to the Head Office and Branches, where audits and enquiries were made to assess the operations of the entity. The results and findings were communicated to the Board of Directors through monthly reports. The Committee was pleased to report that during the period, no discrepancies were detected.

The Chairman of the Committee stated that it was admirable and worthy of mention how the Management and Staff skillfully and seamlessly navigated the challenging period and ensured positive outcomes. The Committee was encouraged that the Credit Union continued to be on the right trajectory.

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

### **Adoption**

The Supervisory Committee's report was adopted on a motion by Mr. Samuel Kinghorn, seconded by Mrs. Nichola Thomas-Fuller.

### **NOMINATION COMMITTEE REPORT**

The Nomination Committee's report was presented by its chairman, Mr. George Hunter. He reported that the Committee was appointed at a meeting of the Board of Directors held May 13, 2022, in keeping with Rule 64. The members of the Committee were Mr. George Hunter from the Board as Chairman, Mr. Michael Farquharson from the Credit Committee, and Mrs. Tamara Maxwell-Green, Deputy CEO Finance and Administration. The status of the various groups was as follows:

#### **Board of Directors**

Retiring from the Board of Directors in 2022 and recommended to serve for another two years were: Mr. Calvin Allen, Miss Jeanette Davis, Miss Dacy-Ann Graham, Mr. Eric Wint and Mr. Courtney Faulknor.

Those retiring in 2023 were Mr. George Hunter, Mr. Christopher Murdock Mr. Errol Adams, Secretary and Mr. Andrew Johnson.

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

#### **Credit Committee**

Those retiring from the Credit Committee in 2022 and recommended to serve for another two years were Mrs. Carlene Allen, Mrs. Patsie Wallen-Lindsay and Mr. Anthony Lewis.

Retiring in 2023 were Mr. Steven Watson and Mr. Michael Farquharson.

There being no other nominations, the Nomination Committee recommended that Mrs. Carlene Allen, Mrs. Patsie Wallen-Lindsay and Mr. Anthony Lewis be elected to serve for two years.

#### **Supervisory Committee**

The meeting was reminded that members of the Supervisory Committee serve for only one year. The retiring members were Jason Rodriguez, Omar Drysdale, Julian Oscar, Sancha Miller-McPherson and Juniffer Dixon-Gordon. One other nomination was received by the Committee hence, there was a need for an election to determine the five that would serve for one year. There were no other nominations from the floor. The previous five persons, stated above were returned unopposed to serve for a year.

## Adoption of Report

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

## RESOLUTION - RULE CHANGE

The President in prefacing this activity informed the meeting of the provisions of Section 11 and Regulation 41 of the Corporate Societies Act and Regulations and Article 24 Rule 76 which allowed for the amendments to the Rules of the Public Sector Employees Co-operative Credit Union. He proceeded to explain what the proposed rule change sought to achieve. The Resolution read:

*Whereas Section 11 and regulations 41 of the Co-operative Societies Act and Regulations provide 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 Employees 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, 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 other registered Co-operatives, and*

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

*BE IT RESOLVED that the interpretation be amended to include the following definitions: the definition for family is being amended to read, 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: All employees of the Government of Jamaica, that is Public Sector Employees, past employees of the public sector who were members of the Credit Union when they resigned or retired, employees of the Public Sector Employees Co-operative Credit Union Limited, members of other Credit Unions who serve the Public Sector employees, spouses and/or children of the active members mentioned above.*

*BE AMENDED TO READ: Membership in the Society shall be limited to: present and past employees of the Government of Jamaica, i.e. Public Sector Employees; present and past employees of the Public Sector Employees Co-operative Credit Union Limited; members of other Credit Unions who serve the Public Sector employees; family members of the active members mentioned above; provided that all members of the Public Sector Employees Co-operative Credit Union Limited shall be of age 18 or older, and other registered Co-operatives.*

The Resolution was moved by Mr. Anthony Lewis, seconded by Mr. Steven Watson.

The voting process was led by Mrs. Shauna Bailey-Knight from the Department of Co-operatives and Friendly Societies. She reminded the gathering that for the Resolution to be successfully passed, it would have to be supported by 75% of the members both in-house and online. She explained that an online poll would be launched and those persons would have two minutes to vote. She further informed the meeting that there were 126 persons in-house and 27 online. At the end of the voting process, 115 of the persons in-house and 21 of the persons online voted for the amendment. The Resolution was successfully carried.

## DISTRIBUTION OF SURPLUS

The Treasurer, Mr. Christopher Murdock informed the meeting that the President, Mr. Calvin Allen in his report had indicated that the Credit Union had made \$12,009,935.00 in surplus for the operating period ending December 31, 2021. As is required by law 20% (\$2,401,987.00) of that amount was set aside for Statutory Reserve, another \$3,713,411.00 was set aside as Loan Loss Reserve and \$2,298,946.00 was set aside for the Permanent Shares Transfer Fund, leaving \$3,595,591 for distribution.

The Board recommended that the amount of \$3,595,591 remain undistributed. However, the Board was further proposing that whereas the cost of the AGM is an expense for the next operating period, that the undistributed amount of \$3,595,591 be set aside to finance the AGM.

The motion was moved by the Treasurer, Mr. Christopher Murdock, seconded by Mrs. Selena Black-Robb and carried by majority vote.

## FIXING OF MAXIMUM LIABILITY

After explaining what was meant by Maximum Liability i.e. the authority given to the Board of Directors (Rule 69) to borrow if there was a need, the Treasurer reminded the meeting that Maximum Liability was set at sixteen times our capital and reserve and moved a motion for it to remain. The motion was seconded by Mr. George Hunter and carried by majority vote.



## **APPOINTMENT OF AUDITORS**

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

## **ANY OTHER BUSINESS**

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

## **PRIZES**

The Chairman invited Marketing and Communications Manager, Miss Kelly-Ann Dixon to assist in what she dubbed the exciting segment of the meeting. Four questions were posed to the in-house audience and four to the persons on-line. At the end of the process the following persons were winners:

- Miss Dionne Harrison - \$5,000.00
- Miss Kimone Parkes - \$5,000.00
- Mr. Alton Newman - \$5,000.00 Petrol Voucher  
& \$5,000.00 Supermarket Voucher
- Miss Philicia McCurbin - Gift Basket
- Mr. Nickoyon Brown - Gift Basket

## **VOTE OF THANKS/ADJOURNMENT**

Mr. Andrew Johnson gave the vote of thanks after which the Chairman having exhausted the agenda adjourned the meeting at 10:20pm.



Errol G. Adams  
Secretary



# Meet the Board of Directors

**Calvin Allen**  
President



**Jeanette Davis**  
Vice President



**Christopher Murdock**  
Treasurer



**Errol Adams**  
Secretary



**Andrew Johnson**  
Asst. Treasurer



**Dacy-Ann Graham**  
Asst. Secretary



**George Hunter**  
Director



**Courtney Faulknor**  
Director



**Eric Wint**  
Director

# Board Report

Year Ending 2022



**Calvin Allen**  
President

The Public Sector Employees Co-operative Credit Union navigated another year successfully. However, we experienced a deficit of \$18.2M for net surplus in 2022. Notwithstanding, we are strong, resilient and continue to manage through a complex and uncertain operating environment, while remaining focused on pursuing strategic change and investing for the future. During the year we provided financial support to our members through loan facilities with disbursements totaling \$2.129 Billion for the period.

## ECONOMIC AND SOCIAL OVERVIEW

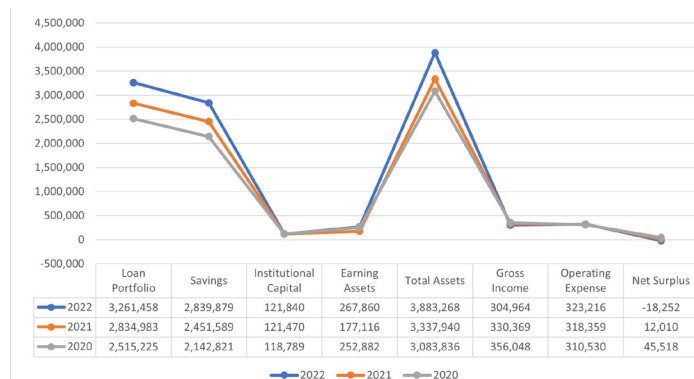
Jamaica's economy continued its growth trajectory, demonstrating recovery from the global pandemic of the last three years, normality signaling both locally and globally. The Jamaican economy grew by 5.2% in 2022 compared to the 4.4% recorded in 2021, as reported by the Statistical Institute of Jamaica (STATIN). This growth experienced during the year resulted from the continued rebounding of the economy, paired with the improved production heights of respective key activities of commerce, such as the tourism sector. The economic projections for 2023 remain positive, with continued growth forecasted due to relative stability in the macroeconomy and increased economic interests, as most industries are forecasted to continue showing progress. While much confidence exists in observing the anticipated growth, there is unease that the local economy, comparable to that of its global counterparts, may experience challenges concerning high inflation and interest rates. This may slow down the rate of growth in the economy, however, a recession is not predicted. STATIN reported that inflation closed at 9.4% in 2022. The inflation rate recorded for the year represented an increase moving from the 9.1% of the previous year. The Jamaican dollar appreciated against its major trading partner, United States of America (USA). At the beginning of the year,

the dollar traded at J\$155.64 to US\$1.00 and eventually closed the year at J\$152.05.

## CREDIT UNION PERFORMANCE

We continued to outperform the Credit Union Movement and the wider Banking Sector. Once again, we achieved double digit growth in loans at a rate of 15.04%, which was significantly higher than the Movement's average of 8.50%, and the Banking Sector average of 12.76%. Our savings portfolio achieved a growth rate of 15.84%, which was more than double the Movement's average of 7.62% and well above the Banking Sector growth rate of 8.10%. We did not achieve our usual growth in capital as growth was recorded at 4.83%, which was below the Movement's average of 9.74% and the Banking Sector average of 8.73%. Our total assets, which is the most significant benchmark for growth increased at a rate of 16.34% which was more than double both the Movement's average growth rate of 7.45% and the wider Banking Sector growth rate of 6.65%. These significant and exceptional growth figures illustrate the financial strength of our Credit Union and provide confidence to all, that we will continue to be one of the premier financial institutions for many years to come.

## Three Years Key Performance Indicators Comparative



## CAPITAL BASE

The Public Sector Employees Co-operative 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 to support the development to fit the business of the Credit Union.

As a result of the financial impact, the PSECCU implemented 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. Additional measures included 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 10.08% 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.

## **RISK AND COMPLIANCE MANAGEMENT**

The Board of Directors and Management of the Credit Union ensures value for our members by safeguarding the Credit Union with sound principles and business practices. Our Enterprise Risk Management Framework incorporates the Board of Directors, Management and Staff efforts to ensure risks that may affect the Credit Union are identified, assessed, and managed to limit potential negative impact. The Risk Management Committee, appointed by the Board, is led by the Assistant Treasurer, Mr. Andrew Johnson as its Chairman and he is supported by Mr. George Hunter, Director.

Quarterly meetings are held, and the reports are presented at Board Meetings, detailing the potential impact of the risk and the planned mitigating measures. This ensures the Credit Union acts proactively and is always prepared for possible economic and other shocks. We remain compliant with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Laws of Jamaica.

As part of the Risk Management Framework, we continued the revision and enhancement of our Business Continuity Plan. These included a robust emergency response plan, backup site testing, close monitoring of employee safety protocols, continuous sanitization and cleaning of the office and continuous training of management and staff.

Throughout the year 2022, the Credit Union ensured all its AML/CFT obligations 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.

We are committed to implementing and maintaining the tools and resources required to support the Risk Management Framework with emphasis on the prevention and detection of Money Laundering and Terrorist Financing.

## **STAFF DEVELOPMENT**

The Board of Directors recognizes the importance of training and development of the Management, Staff, and volunteers to improve and increase performance and productivity. As a result, there is continuous investment in training to ensure that all employees and volunteers understand their responsibilities, while garnering the knowledge necessary to complete their tasks in alignment with the organizations, vision, mission, and goals. Continuous training remains the vital tool which ensures that our staff keeps abreast of current business information and new technology trends.

The Board of Directors continued to invest in training programs during 2022. The Management, Staff, Board of Directors and Committee members completed training courses, seminars and workshops pertinent to their job functions and responsibilities. These training sessions were facilitated using both online and face to face modes. These approaches ensured minimal to no disruption in the Credit Union's service operations, which ensured that efficiency was maintained.

The training areas that were covered utilizing the CDP online platform were Telephone Communications skill, Interpersonal Skills, Introduction to the Proceeds of Crime (Amendment) Act 2013, Introduction to POCA Reporting Requirements, Money Laundering Offences and Penalties under POCA, and The Counter Financing of Terrorism Training.

Other training provided by CUNA included: Family Indemnity Plan (FIP), Critical Illness Coverage (Individual and Family) products, Sensitization session on their promotional Jump Start Programme, their new additional FIP plans and their new uploading portal. QNET provided training in the areas of MasterCard Communication and the Debit Card Pinning system. Delinquency Management & Collections Training, Enterprise Risk Management (ERM) Training & Workshop, and a pension awareness session was hosted by The Jamaica Co-operative Credit Union League, and a Common Reporting Standards (CRS) workshop was hosted by Tax Administration of Jamaica. Additional training covered throughout the year included Policy Awareness Sessions and Policy Training facilitated by the Management Team.

## **STAFF COMPLEMENT**

The Credit Union had a staff complement of Forty-Three (43) members as at December 31, 2022. During 2022, two (2) persons were employed, four (4) employees resigned, two (2) employees were promoted, and one (1) employee was transferred to a Branch location.

## **PRODUCTS & SERVICES**

At the beginning of 2022, the Jamaican economy rebounded from the effects of Covid -19, and this was evident in our marketing and sales activities. The marketing strategies for the year were focused on expanding the membership base by targeting members within our target market, promoting, and advertising our savings and investment accounts, increasing brand awareness by utilizing traditional and digital media



platforms, and promoting our loan products.

### **ATM MACHINE & ACCESSPLUS DEBIT MASTERCARD**

We are very excited to report that we have installed our first ever Automated Teller Machine (ATM) at our Head Office. This ATM can be used to complete your withdrawals, transfer between your accounts and check your account balances. We will be assessing our other locations for additional ATM soon. We are still in the process of issuing our new AccessPlus Master Card at all our locations island wide. We are utilizing this medium to encourage all our members who have not yet done so to visit any of our locations to collect your new card, as very soon the prior Access Plus Debit Card will be deactivated. This new card has EMV 'chip & pin' technology which provides greater security for all transactions. Additionally, our members may purchase goods and services online in local and foreign currency, as well as conduct international point of sale and ATM transactions safely and conveniently.

### **OTHER SERVICES**

We offer additional services such as Bill Express payment facility, Family Indemnity Plan Insurance (FIP), Critical Illness Plan (Individual and Family), and Group Life insurance, and Loan Insurance Coverage through our service partners. We have also partnered with the National Housing Trust to be a part of their Micro Financing Loan Programme, which offers up to a maximum disbursement of \$1.5M to members earning less than 42,000 per week to assist with home acquisition deposit and closing costs, home repairs, purchase solar panels, etc.

### **ADVERTISING & PROMOTION**

A 360-marketing campaign approach was developed to ensure that every marketing medium (traditional and digital) was utilized in an integrated and consistent way to market our products and services. Over the course of the year various channels were used to educate our members, develop brand awareness, promote our products and services as well as target new members. Advertising channels used were: Television Jamaica, Radio (Irie FM, Zip 103FM, & Nationwide FM) and Print Media: Jamaica Observer, The Jamaica Gleaner & The Jamaica Constabulary weekly Force Orders.

### **CREDIT UNION WEEK**

Credit Union Week was celebrated from October 16-22, 2022, under the theme "Empower your financial future with a Credit Union." Members were engaged on our Instagram and Facebook platforms, where they were celebrated and were able to vie for daily gifts and surprises. On Friday October 21, 2022, all branches hosted Member's Appreciation Day and our members were feted with food and beverage, and giveaways. Our Head Office also hosted a Karaoke and Afterwork Jam.

### **CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**

During 2022, we maintained 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 welcoming them to the Credit Union family.

### **DIGITAL MARKETING**

Throughout the year, focus was placed on creating content for our Instagram and Facebook pages. Google network's search ads, display ads and true-view instream ads were also used to generate brand awareness by utilizing monthly campaigns. Our search campaign on Google continued its success in 2022 with a 32% increase in clicks received and 12% increase in impressions; this means that based on chosen key word to identify the Credit Union persons have become more aware of us online via Google and the number of times our display advertisement appears.

- Our display campaign performed well with a 53% increase in clicks received and a 14% increase in impressions.
- Our true-view instream ads received over 471,000 views and over 1.1M impressions.
- Our social media pages also ended the year extremely well. Our Facebook page saw a 97% increase in page reach and a 6% increase in impressions. Our Instagram account received a 29% increase in impressions and 222% increase in reach.

Our Online banking platform offers our members the convenience of monitoring their finances and the benefit of access to their account using all smart devices. This platform offers services such as balance enquiries, transfers (inter & intra member), cheque requests, bill payment, statement requests, product and service information, loan application request, and updating information (ID Card, Proof of Address etc.). Please visit our website and social media platforms for more information and updates.

### **MEMBERSHIP GROWTH**

Another objective of the Marketing Department was to focus on an increase in membership. At the end of 2022 we closed the year with over 375 new members and a membership base of 11,682 (inclusive of Youth Savers Accounts).

Members were recruited from the following Ministries and Government Agencies.

- Ministry of National Security
- Passport Immigration and Citizenship Agency (PICA)
- Ministry of Education
- Jamaica Co-operative Credit Union League (JCCUL)
- Ministry of Local Government
- Ministry of Transport and Mining
- Ministry of Foreign Affairs
- Ministry of Finance
- Ministry of Justice
- Jamaica Promotions Corporation

- Tax Administration of Jamaica
- Ministry of Health
- Planning Institute of Jamaica (PIOJ)
- Ministry of Education
- Ministry of Culture & Gender

### MEMBERSERVICE SURVEY

Member satisfaction is always at the center of what we do and as such, a member survey was conducted. The results showed that 98% of the respondents were very satisfied with our customer service, 82% would recommend our products and services to their family members, 67% indicated that our Credit Union is one of the best financial institutions to do business with, and 64% indicated that we were their primary financial institution.

### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Public Sector Employees Co-operative Credit Union believes in giving back to our members, to our communities and to the wider society. The year saw us continuing support for the following initiatives.

- \$ 980,000 was awarded to 69 students who were successful in their PEP examinations.
- \$800,000 was awarded to 4 members studying at the undergraduate and post graduate level.
- Donation to members displaced by fire/other natural causes.
- Other donations

The success of the marketing strategies was evident in the growth rate of the savings and deposit portfolio, membership growth, increase in market reach, increase in social media reach, and reduction in the number of closed accounts. Special emphasis was placed on promoting and advertising the 876 Savings Accounts (Special Deposit, Golden Harvest & Deferred Shares). All three accounts yielded a total of \$203,263,267.51 and a return on investment of 2,840%.

### CONCLUSION

We at the Public Sector Employees Co-operative Credit Union recognize the need for dynamic business processes that enable us to remain a going concern. Our CEO and his team work tirelessly at various organizational levels to ensure that the organization's strategic framework and programs are continually expanded and improved. We remain accountable to you, our membership and thus, continue to employ financially prudent strategies, to achieve budgeted expenses, greater income generation, productivity, and improved service delivery. Our suite of loan and investment products are designed to meet all your financial needs for every milestone and goal. We offer financial planning and counselling to keep you focused, and assist you with emergencies or unexpected crisis. We're here for you because Public Sector Employees Co-operative Credit Union Limited is "Where your financial

security matters most."

### BOARD OF DIRECTORS ATTENDANCE REPORT

Attendance at the Directors' Meeting for the period January to December 2022 shown below.

Names	Attendance (# of Meetings 13)
Calvin Allen	13
Jeanette Davis	13
Errol Adams	13
Christopher Murdock	12
Dacy-Ann Graham	13
Andrew Johnson	13
George Hunter	12
Courtney Faulknor	12
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 2022. 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.

Special appreciation is extended to our Chief Executive Officer, Mr. Osmond Bromfield, his Deputy CEOs and his Management Team and Staff, for their performance throughout the year. We thank the Credit and Supervisory Committees for their valiant contribution throughout the period and to you our membership for your continued support over the period. It has been our honour to serve you throughout 2022 and we look forward to serving you again

  
 Calvin Allen MSc.  
 PRESIDENT

# Treasurer's Report

Year Ending 2022



**Christopher Murdock**  
Treasurer

Jamaica discontinued the Disaster Risk Management protocols that were brought into effect to combat the COVID-19 pandemic. This ensured the continued recovery of the economy as gross domestic product (GDP) increased by approximately 5.2% compared to an increase of approximately 4.6% for the year 2021. The inflation rate continued to increase above the Bank of Jamaica (BOJ) target of 4% to 6% as it closed the year at 9.4% which was marginally higher than the 9.1% increase recorded over the corresponding period for 2021. The Jamaican Dollar showed some signs of recovery against the United States Currency and increased in value by 1.96% after it had declined by 8.72% during 2021. The Jamaican dollar closed the year at JMD\$152.05 to USD\$1.00 compared to JMD\$155.09 to USD\$1.00 at the end of December 2021.

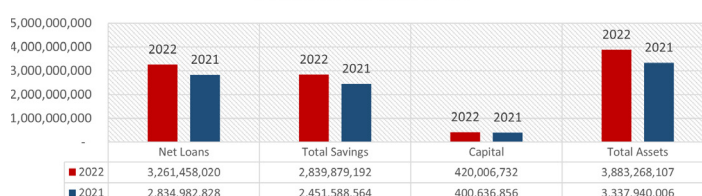
To slow the increasing inflation rate, the BOJ continued to increase its policy interest rate, moving it from 2.5% at the end of 2021 to 7% at the end of 2022. This increased policy rate pushed the Treasury Bill rates to 8.04% and 8.17% for the 90-days and 180-days instruments, after they had opened the year at 4.09% and 4.33% respectively.

The Financial Sector continued to demonstrate strong growth with total assets increasing by 6.65% compared to 13.40% for 2021, loans increased by 15.04% compared 9.31% for 2021 and savings increased by 8.10% compared to 13.09% for 2021. Capital increased by 8.73% compared to 3.74% for 2021.

**Table 1 - Portfolio Growth**

	2022	2021	Monetary Change	Change %
Loans	3,261,458,020	2,834,982,828	426,475,192	15.04%
Savings	2,839,879,192	2,451,588,564	388,290,628	15.84%
Capital	420,006,732	400,636,856	19,369,876	4.83%
Total Assets	3,883,268,107	3,337,940,006	545,328,101	16.34%

**Figure 1 - Portfolio Growth**



## INCOME

We improved our loan interest income by \$3.7 million or 0.84%, it increased from \$440 million for 2021 to \$444 million for 2022. Investment income increased from \$10 million to \$16.5million, resulting in an increase of \$6.5 million or 65.12%. Other income increased to \$26.5 million compared to \$19 million recorded for 2021, a difference of \$7.2 million or 37.59%. Our overall income improved to \$487 from \$470 million, an increase of \$17 million or 3.72%.

**Table 2 - Total Income**

	2022	2021	Monetary Change	Change %
Loan Income	444,393,368	440,689,354	3,704,014	0.84%
Investment Income	16,527,857	10,009,438	6,518,419	65.12%
Other Income	26,525,614	19,278,822	7,246,792	37.59%
Total	487,446,839	469,979,635	17,467,204	3.72%

**Figure 2 - Income**





## COST OF FUNDS

The Cost of Funds increased by \$22.5 million or 18.30% to \$145.4 million for 2022, compared to \$122.9 million for 2021. The major contributor to the increased Cost of Funds was the \$106.5 million interest paid on deposits, which was a \$19.4 million increase on the \$87.1 million paid during 2021.

The interest payments on external credits increased by 5.05% or \$1.4 million, moving from \$29.3 for 2021 to \$20.8 million for 2022. Deferred Shares growth remained strong which resulted in increased interest payment of \$6.5 million for 2022 compared to \$5.1 million for 2021, an increase of 27.88% or \$1.4 million. Bank charges increased by 10.45% or \$144 thousand moving to \$1.522 million for 2022 from \$1.378 million for the year 2021.

**Table 3 - Cost of Funds**

	2022	2021	Monetary Change	Change %
Interest on Deposits	106,560,088	87,106,662	19,453,426	22.33%
Interest on External Credit	30,874,941	29,389,489	1,485,452	5.05%
Interest on Deferred Shares	6,522,282	5,100,186	1,422,096	27.88%
Bank Charge	1,522,583	1,378,550	144,033	10.45%
Total	145,479,894	122,974,887	22,505,007	18.30%

## PROFITABILITY

We closed the year with a gross income of \$304 million which was a reduction compared to the \$330 million we earned during 2021. Our expenses increased marginally to \$323.2 million from \$318.4, an increase of \$4.8 million or 1.53%. The net income declined from \$12 million to \$18.2 million deficit and total comprehensive income deficit of \$34.5 million.

**Table 4 - Profitability**

	2022	2021	Monetary Change	Change %
Gross Income	304,964,106	330,369,404	(25,405,298)	-7.69%
Operating Expenses	323,215,818	318,359,471	4,856,347	1.53%
Net Income	(18,251,712)	12,009,933	(30,261,645)	-251.97%
Total Comp. Income	(34,530,218)	1,125,040	(35,655,258)	-3169.24%

## EXPENDITURE

We continued our cost control measures which resulted in a marginal increase in expenses of 1.53%. Personnel costs, which accounted for the majority of expenses, declined for a second consecutive year with a reduction of 2.76% or \$5.4 million moving from \$195 million to \$189.6 million after it closed 2021 with a decline of 1.69% or \$3 million. Members insurance increased by 11.344% from \$25.7 million to \$28.6 million, a change of \$2.9 million. Marketing and promotion increased by 1.04% to \$7.157 million from \$7.084 million,

a change of \$73,000. Administrative Expenses increased by 11.07% from \$63.7million to \$70.7 million, a change of \$7 million. Affiliation Expenditure increased by 0.67% from \$26.815 million to \$26.994 million, a change of \$179,000.

**Table 5 - Expenditure**

	2022	2021	Monetary Change	Change %
Personnel Cost	189,604,210	194,976,350	(5,372,140)	-2.76%
Members' Insurance	28,686,495	25,763,740	2,922,755	11.34%
Marketing & Promotions	7,157,353	7,083,717	73,636	1.04%
Administrative Expenditure	70,772,860	63,719,794	7,053,066	11.07%
Affiliation Expenditure	26,994,900	26,815,870	179,030	0.67%
Total	323,215,818	318,359,471	4,856,347	1.53%

## DELINQUENCY

Delinquent loans declined from \$109.3 million to \$108.3, a decrease of \$1 million or 0.92%. The cost to the Credit Union decreased by \$437,000 or 0.56% from \$78.054 million to \$77.617 million.

**Table 6 - Delinquency**

	2022	2021	Monetary Change	Change %
Total Delinquent Loans	108,267,770	109,268,986	(1,001,216)	-0.92%
Loan Loss Provisioning - (JCCUL)	77,617,395	78,054,254	(436,859)	-0.56%

## ACKNOWLEDGEMENT

I would like to express gratitude and appreciation to the Management and Staff as their dedication and determination have not wavered over the years. I am certain they will continue the good work and assist the Credit Union to achieve its strategic goals and objectives.

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

Most significantly, I would like to express my thanks and gratitude to you, the members who elected me to serve on the Board of Directors. To the Directors, thank you for giving me the chance to serve as Treasurer and oversee another year for our Credit Union.



Christopher Murdock  
Treasurer





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

# The Credit Union

for Public Sector  
workers & their  
family



## PRODUCTS AND SERVICES

### INVESTMENTS

- Special Deposit
- Golden Harvest
- Fixed Deposit

### SAVINGS

- Christmas Club
- Regular savers and Deposit
- Treasure Chest
- Partner Plan

### SERVICES

- Bill Payment outlet
- Online ATM services

### SECURED LOANS

- Share ratio
- Home/land acquisition
- Home improvement
- Motor vehicle
- Personal loan
- NHT/PSE Microfinance Loan

### UNSECURED LOANS

- Line of Credit Loan
- Quick N' eezee Loan
- Pay day Loan
- Supreme Loan
- PSE/NHT Microfinance Loan
- Education Loan
- Emergency Loan
- Insurance Premium Financing
- Mega Consolidation Loan
- Demand Loan
- Pensioner Consolidation Loan

### INSURANCE

- Loan Protection Coverage
- Life Savings Coverage
- Family Indemnity Plan (FIP)
- FIP Critical Illness Rider

#### HEAD OFFICE

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

#### ST. JAMES

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

#### ST. CATHERINE

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

#### MANCHESTER

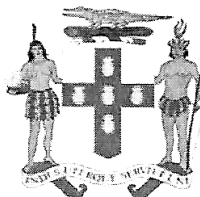
9 Ward Avenue,  
Mandeville  
Tel: 876-625-8583, 619-3109  
Fax: (876) 625-8583

#### ST. MARY

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



# Audited Financial Statement



## 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](mailto:info@dcfs.gov.jm)

Website: [www.dcfs.gov.jm](http://www.dcfs.gov.jm)

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

S1

R335/809/06/23

June 5, 2023

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

Dear Sir/Madam:

I forward herewith the Financial Statements of your Society for the financial year ended December 31, 2022.

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



**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 2022, 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 2022, 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
<b>Expected Credit Loss ('ECL') on Financial Assets</b>	<b>Our procedures in this area includes the following:</b>
<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"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ Testing the completeness and accuracy of the data used in the models of the underlying accounting records based on a sample basis.</li> </ul>

**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
<b>Expected Credit Loss ('ECL') on Financial Assets</b>	<b>Our procedures in this area includes the following:</b>
<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"> <li>▪ Evaluation of the appropriateness of the Credit Union's impairment methodology including (SICR) criteria presented.</li> <li>▪ Assessment of the assumptions for probability of default, loss given default and exposure at default.</li> <li>▪ 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.</li> </ul>

## 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.



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**Crowe Horwath Jamaica**

47-49 Trinidad Terrace  
Kingston 5  
Jamaica

March 16, 2023

**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 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b><u>NON-CURRENT ASSETS</u></b>			
<b>Earning:</b>			
Loans to Members - Net of Provision for Loan Impairment	5/6	3,261,458,020	2,834,982,828
Financial Investments	7	30,274,035	80,148,301
		<u>3,291,732,055</u>	<u>2,915,131,129</u>
<b>Non-Earning:</b>			
Property, Plant & Equipment	8	195,275,131	110,943,649
Retirement Benefit Asset	9	2,837,000	16,041,000
		<u>198,112,131</u>	<u>126,984,649</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,489,844,186</u>	<u>3,042,115,778</u>
<b><u>CURRENT ASSETS</u></b>			
<b>Earning:</b>			
Liquid Assets	10	220,085,712	129,786,677
Financial Investments	10	47,774,110	47,329,359
		<u>267,859,822</u>	<u>177,116,036</u>
<b>Non-Earning:</b>			
Liquid Assets	11	68,782,084	65,410,173
Receivables & Prepayments	11	56,782,015	53,298,019
		<u>125,564,099</u>	<u>118,708,192</u>
<b>TOTAL CURRENT ASSETS</b>		<u>393,423,921</u>	<u>295,824,228</u>
<b>TOTAL ASSETS</b>		<u><b>3,883,268,107</b></u>	<u><b>3,337,940,006</b></u>
<b><u>CAPITAL AND LIABILITIES</u></b>			
Members' Permanent Shares	12	180,883,329	180,883,329
Non-Institutional Capital	13	161,365,499	101,597,179
Institutional Capital	14	121,840,048	121,470,049
<b>Total Equity</b>		<u>464,088,876</u>	<u>403,950,557</u>
<b><u>NON-CURRENT LIABILITIES</u></b>			
<b>Interest Bearing:</b>			
Savings Deposits	16	1,390,864,168	1,210,750,381
Members' Voluntary Shares	17	1,118,849,467	1,085,040,826
Members' Deferred Shares	17	117,283,355	98,283,478
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,626,996,990</u>	<u>2,394,074,685</u>

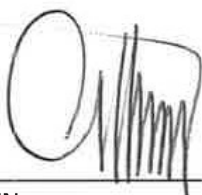
The accompanying notes form an integral part of the financial statements.

**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 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b><u>CURRENT LIABILITIES</u></b>			
<b>Interest Bearing:</b>			
External Credits	18	356,186,103	302,198,249
Savings Deposits	16	<u>330,165,557</u>	<u>155,797,357</u>
		686,351,659	457,995,606
<b>Non-Interest Bearing:</b>			
Payables and Accruals	19	104,417,441	80,033,037
Deferred Income	20	<u>1,413,142</u>	<u>1,886,121</u>
		105,830,583	81,919,158
<b>TOTAL CURRENT LIABILITIES</b>		<u>792,182,242</u>	<u>539,914,764</u>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<u><b>3,883,268,107</b></u>	<u><b>3,337,940,006</b></u>

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

**APPROVED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON 16 Mar 2023 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 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>Note</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>INTEREST INCOME:</b>			
Loans to Members		444,393,368	440,689,354
Liquid Assets	21	16,388,350	9,692,852
Financial Investments	21	139,507	316,586
		<u>460,921,225</u>	<u>450,698,792</u>
<b>INTEREST EXPENSE:</b>			
Saving Deposits		(106,560,088)	(87,106,662)
External Credits		(30,874,941)	(29,389,489)
Members' Deferred Shares		(6,522,282)	(5,100,186)
Other Financial Costs	22	<u>(1,522,583)</u>	<u>(1,378,550)</u>
		<u>(145,479,894)</u>	<u>(122,974,887)</u>
<b>NET INTEREST INCOME</b>		315,441,331	327,723,905
Fair Value adjustments to Investments		(4,902,293)	(3,122,671)
Increase in Provision for Loan Losses		<u>(32,100,546)</u>	<u>(13,510,652)</u>
<b>NET INTEREST INCOME AFTER PROVISION</b>			
<b>FOR LOAN LOSS</b>		<u>278,438,492</u>	<u>311,090,582</u>
<b>NON-INTEREST INCOME</b>			
Miscellaneous Income	23	<u>26,525,614</u>	<u>19,278,822</u>
<b>GROSS INCOME</b>		304,964,106	330,369,404
Less: Operating Expenses	24	<u>(323,215,818)</u>	<u>(318,359,471)</u>
<b>NET (LOSS)/INCOME BEFORE HONORARIA</b>		(18,251,712)	12,009,933
Honoraria		<u>-</u>	<u>(5,000,000)</u>
<b>NET (LOSS)/ INCOME AFTER HONORARIA</b>		(18,251,712)	7,009,933
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items that will or may be reclassified to profit or loss:</b>			
(Loss)/Gain on Revaluation of Shares		(3,074,506)	10,107
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement Loss on Retirement Benefit		<u>(13,204,000)</u>	<u>(5,895,000)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(34,530,218)</u>	<u>1,125,040</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 2022**

**SUMMARY (CONT'D)**

(Expressed in Jamaican Dollars unless otherwise indicated)

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



**PUBLIC SECTOR EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31ST DECEMBER 2022**  
**SUMMARY (CONT'D)**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares \$	Non- Institutional Capital \$	Institutional Capital \$	Total \$
<b>Balance at 31st December 2021</b>	180,883,329	101,597,179	121,470,049	403,950,557
<b>Total Comprehensive Income for the Year</b>	-	(34,530,218)	-	(34,530,218)
Revaluation Reserve	-	89,273,000	-	89,273,000
Transfer to loan loss reserve	-	9,294,562	-	9,294,562
Entrance Fees	-	-	369,999	369,999
<b>Appropriation of Net Surplus for 2021</b>				
<b>Transfers from Current Year Surplus:</b>				
Decrease in Share Transfer Fund	-	(673,436)	-	(673,436)
	-	94,298,538	369,999	94,668,537
<b>Balance at 31st December 2022</b>	<b>180,883,329</b>	<b>161,365,499</b>	<b>121,840,048</b>	<b>464,088,876</b>

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 2022**

**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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 31st December 2020 brought forward</b>	3,064,399	74,040,966	19,578,000	1,554	29,137	1,201,274	-	34,859,056	132,774,386
<b>Other Comprehensive Income</b>									
Pension Income/(Loss)	-	-	(5,895,000)	-	-	-	-	-	(5,895,000)
Increase in Fair Value of Shares	10,107	-	-	-	-	-	-	-	10,107
Net Income After Honoraria	-	-	-	-	-	-	-	7,009,933	7,009,933
<b>Total Comprehensive Income for the Year</b>	<u>10,107</u>	<u>-</u>	<u>(5,895,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,009,933</u>	<u>1,125,040</u>
<b>Transactions with Owners</b>									
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)
<b>Total Transactions with Owners</b>	<u>-</u>	<u>-</u>	<u>2,358,000</u>	<u>-</u>	<u>-</u>	<u>(100,260)</u>	<u>3,713,411</u>	<u>(38,273,398)</u>	<u>(32,302,247)</u>
<b>Balance at 31st December 2021</b>	<u>3,074,506</u>	<u>74,040,966</u>	<u>16,041,000</u>	<u>1,554</u>	<u>29,137</u>	<u>1,101,014</u>	<u>3,713,411</u>	<u>3,595,591</u>	<u>101,597,179</u>



**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 2022**  
**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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 31st December 2021 brought forward</b>	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
<b>Other Comprehensive Income</b>									
Pension Income/(Loss)	-	-	(13,204,000)	-	-	-	-	-	(13,204,000)
Increase in Fair Value of Shares	(3,074,506)	-	-	-	-	-	-	-	(3,074,506)
Net Loss	-	-	-	-	-	-	-	(18,251,712)	(18,251,712)
<b>Total Comprehensive Income for the Year</b>	<b>(3,074,506)</b>	<b>-</b>	<b>(13,204,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,251,712)</b>	<b>(34,530,218)</b>
<b>Transactions with Owners</b>									
Revaluation Reserve	-	89,273,000	-	-	-	-	-	-	89,273,000
Appropriation of Net Surplus for 2021									
Annual General Meeting Reserve	-	-	-	-	-	-	-	(3,595,588)	(3,595,588)
Transfer to Loan Loss Reserve	-	-	-	-	-	-	9,294,562	-	9,294,562
Adjustment to Permanent Share Transfer Fund	-	-	-	-	-	(673,436)	-	-	(673,436)
<b>Total Transactions with Owners</b>	<b>-</b>	<b>89,273,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(673,436)</b>	<b>9,294,562</b>	<b>(3,595,588)</b>	<b>94,298,538</b>
<b>Balance at 31st December 2022</b>	<b>-</b>	<b>163,313,966</b>	<b>2,837,000</b>	<b>1,554</b>	<b>29,137</b>	<b>427,578</b>	<b>13,007,973</b>	<b>(18,251,709)</b>	<b>161,365,499</b>

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 2022**  
**INSTITUTIONAL CAPITAL**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>Legal &amp; Statutory Reserves \$</b>	<b>Retained Earnings Reserve \$</b>	<b>TOTAL \$</b>
<b>Balance at 31st December 2020</b>	<b>108,789,062</b>	<b>10,000,000</b>	<b>118,789,062</b>
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>
<b>Balance at 31st December 2021</b>	<b>111,470,049</b>	<b>10,000,000</b>	<b>121,470,049</b>
Entrance Fees	<u>369,999</u>	<u>-</u>	<u>369,999</u>
<b>Balance at 31st December 2022</b>	<b><u>111,840,048</u></b>	<b><u>10,000,000</u></b>	<b><u>121,840,048</u></b>

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 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Total Comprehensive Income for year</b>	(34,530,218)	1,125,040
<b>Non - Cash items included in Comprehensive Income</b>		
Depreciation	15,394,165	13,502,398
Expected Credit Losses on Loans and Investments	(9,731,421)	13,510,652
Revaluation of Quoted Shares	3,074,506	(10,107)
Pension Expense	13,204,000	3,537,000
	(12,588,968)	31,664,983
<b>(Increase) / Decrease in Operating Assets</b>		
Accounts Receivable & Prepayments	(3,483,996)	1,718,814
<b>Increase / (Decrease) in Operating Liabilities</b>		
Payables and Accruals	24,384,404	(2,589,503)
Deferred Income	(472,979)	(472,979)
<b>Cash Provided by Operating Activities</b>	<u>7,838,461</u>	<u>30,321,315</u>
<b>Cash Flows from Investing Activities</b>		
Loans to Members	(416,743,772)	(333,268,137)
Financial Investments	49,429,515	(37,993,589)
Purchase of Property, Plant & Equipment	(10,452,647)	(5,226,735)
<b>Net Cash Used in Investing Activities</b>	<u>(377,766,905)</u>	<u>(376,488,461)</u>
<b>Cash Flows from Financing Activities</b>		
Savings Deposits	354,481,987	276,226,593
External Credits	53,987,854	(57,057,686)
Members' Voluntary Shares	33,808,641	32,540,836
Members' Deferred Shares	18,999,877	23,956,957
Members' Permanent Shares	-	9,996,040
Entrance Fees	369,999	279,000
Share Transfer Fund	(673,436)	(100,260)
Dividend Paid on Permanent Shares	-	(20,000,000)
Transfer from Undistributed Surplus	-	(2,000,000)
Transfer to Loan Loss Reserve	9,294,562	-
ATM Defrauded Provision	-	(2,000,000)
Annual General Meeting Reserve	(3,595,588)	(4,000,000)
Fair Value Reserve	(3,074,506)	10,107
Education & Scholarship Fund	-	(1,800,000)
<b>Net Cash Provided by Financing Activities</b>	<u>463,599,390</u>	<u>256,051,587</u>
<b>Increase/ (Decrease) in Liquid assets</b>	93,670,946	(90,115,559)
<b>Liquid Assets at beginning of year</b>	<u>195,196,850</u>	<u>285,312,409</u>
<b>Liquid Assets at end of year</b>	<u>288,867,796</u>	<u>195,196,850</u>
<b>Liquid Assets</b>		
<b>Cash and Bank Balances: Non-Earning</b>	68,782,084	65,410,173
<b>Cash and Bank Balances: Earning</b>	220,085,712	129,786,677
	<u>288,867,796</u>	<u>195,196,850</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 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

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**1. Identification:**

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

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

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

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

The main objectives of the Co-operative are:

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



**2. Regulation:**

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

**3. Adoption of Standards, Interpretations and Amendments:**

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

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:-

**Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (Effect January 2022)**

The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) (Effect January 2022)**

The changes in *Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)* specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

**(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.

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

##### **(b) Significant Accounting Policies:**

###### **(i) Use of estimates**

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

##### **Critical Accounting Estimate and judgement applied**

###### **i) Classification of Financial Asset**

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

###### **ii) Impairment of Financial Assets**

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

##### **Risk of Estimation uncertainty**

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

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

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

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

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

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

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

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

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

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

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

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

**Loan Staging**

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

**Stage 1**

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

**Stage 2**

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

**Stage 3**

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

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

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

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

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

**(iii) Investments**

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

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

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

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

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

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

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

**(iv) Property, plant and equipment**

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



**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.

**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.

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

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

**(xii) Permanent Shares (cont'd):**

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

**(xiii) Institutional Capital**

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

Statutory & Legal Reserves

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

**(xiv) Non-institutional Capital**

Loan Loss Reserve

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

Retirement Benefit Reserve

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

Share Transfer Fund

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

Other Non-qualifying Reserve

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

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

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

**(xv) League fees and stabilization dues**

Jamaica Co-operative Credit Union League (JCCUL) has fixed the rate of league fees at 0.2% (2021 - 0.2%) of total assets. Stabilization dues are fixed at a rate of 0.125% (2021 - 0.15%) of total savings.

**(xvi) Provisions**

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

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

**IFRS 9 - Expected Credit Loss (ECL)**

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

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

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

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

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

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



**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 (consisting of Institutional Capital, Permanent Shares and Deferred Shares) at a minimum of ten percent (10%) of total assets. At the date of the statement of financial position, this ratio was 10.8% .

**5. Loans to Members:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	2,909,323,671	2,576,055,534
Add: Loans Granted	<u>2,129,062,698</u>	<u>1,281,441,913</u>
	5,038,386,368	3,857,497,447
Less: Repayments and Transfers	<u>(1,712,318,925)</u>	<u>(948,173,776)</u>
	3,326,067,442	2,909,323,671
Less: Provision for Loan Impairment	<u>(64,609,422)</u>	<u>(74,340,843)</u>
	<u><u>3,261,458,020</u></u>	<u><u>2,834,982,828</u></u>
Loans are classified as follows:		
- Personal	3,326,067,443	2,909,013,235
- Educational	<u>-</u>	<u>310,436</u>
	<u><u>3,261,967,750</u></u>	<u><u>2,909,323,671</u></u>

**6. Provision for Loan Impairment:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	74,340,843	60,830,190
Increase in Expected Credit Losses (ECL)	<u>24,412,099</u>	<u>14,059,180</u>
	98,752,942	74,889,370
Less Reductions in Expected Credit Losses (ECL)	<u>(34,143,520)</u>	<u>(548,527)</u>
Balance at End of Year	<u><u>64,609,423</u></u>	<u><u>74,340,843</u></u>

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

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

	<b>Total Delinquent Loans</b>	<b>Standard Rate</b>	<b>Loan Loss Provision 2022</b>	<b>Loan Loss Provision 2021</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
31-60 Days	7,458,254	Nil	-	-
61-90 Days	2,326,305	10	232,630	532,494
91-180 Days	16,920,014	30	5,076,004	6,527,530
181-364 Days	23,136,096	60	13,881,658	10,786,262
Over 365 Days	58,427,103	100	58,427,103	60,207,968
	<u>108,267,771</u>		<u>77,617,395</u>	<u>78,054,254</u>
			<b>2022</b>	<b>2021</b>
			<b>\$</b>	<b>\$</b>
Regulatory Loan Loss Provision			77,617,395	78,054,254
Less IFRS 9 Expected Credit Losses (ECL)			<u>64,609,423</u>	<u>74,340,843</u>
Deficit/(Excess) over IFRS 9 Transferred to Loan Loss Reserve			<u>13,007,972</u>	<u>3,713,411</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 2022:

	<b>Number in Arrears</b>	<b>Total Delinquent Loans</b>	<b>Savings held against Loans</b>	<b>Portion not covered by Savings</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
31 - 60 Days	13	7,458,254	518,866	6,939,388
61 - 90 Days	9	2,326,304	139,202	2,187,102
91 - 180 Days	27	16,920,014	417,116	16,502,898
181 - 364 Days	55	23,136,096	1,533,938	21,602,158
Over 365 Days	206	58,427,103	4,099,656	54,327,447
	<u>310</u>	<u>108,267,770</u>	<u>6,708,778</u>	<u>101,558,993</u>

The following is a summary of delinquent loans at 31st December 2021:

	<b>Number in Arrears</b>	<b>Total Delinquent Loans</b>	<b>Savings held against Loans</b>	<b>Portion not covered by Savings</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
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:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Fair Value through Other Comprehensive Income (FVOCI)</b>		
NCB - Quoted Shares	959,040	1,491,120
Less Expected Credit Loss	-	(21,375)
	<u>959,040</u>	<u>1,469,745</u>
<b>Fair Value through Profit and Loss (FVPL)</b>		
JCCUL - Un-quoted Shares	138,699	138,699
Permanent Shares	2,007,555	2,007,555
CUFMC Shares	1,207,500	1,207,500
Qnet Shares	961,241	961,241
Police Co-Operative CU Shares	25,000,000	25,000,000
Barita Investment	-	49,363,561
	<u>29,314,995</u>	<u>78,678,556</u>
	<u>30,274,035</u>	<u>80,148,301</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 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
Revaluation	18,000,000	71,273,000	-	-	-	89,273,000
Additions	-	1,452,756	666,597	-	8,333,294	10,452,647
<b>31st December 2022</b>	<b>36,000,000</b>	<b>167,452,756</b>	<b>32,211,635</b>	<b>4,750,000</b>	<b>73,714,258</b>	<b>314,128,649</b>
<u>Depreciation</u>						
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
Charge for the year	-	6,179,166	1,834,040	950,000	6,430,959	15,394,165
<b>31st December 2022</b>	<b>-</b>	<b>34,944,550</b>	<b>21,950,717</b>	<b>3,609,727</b>	<b>58,348,524</b>	<b>118,853,518</b>
<u>Net Book Values</u>						
<b>31st December 2022</b>	<b>36,000,000</b>	<b>132,508,206</b>	<b>10,260,918</b>	<b>1,140,273</b>	<b>15,365,734</b>	<b>195,275,131</b>
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

Land and Buildings located at Caribbean Estate, Portmore, St. Catherine were revalued on February 2nd 2022 by Oliver's Property Services for thirty-two million dollars (\$32,000,000). Land and Buildings located at 7 and 9 Union Square, Kingston 5, St. Andrew were revalued on February 8th 2022 by Oliver's Property Services for one hundred million dollars (\$100,000,000) and seventy million dollars (\$70,000,000) respectively. The net increase in value (\$89,273,000) 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, 2022.

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Present Value of funded obligations	(48,682,000)	(89,516,000)
Fair Value of plan assets	113,957,000	105,557,000
Effect of Asset Ceiling	<u>(62,438,000)</u>	<u>-</u>
<b>Asset recognised in the Statement of Financial Position</b>	<u><u>2,837,000</u></u>	<u><u>16,041,000</u></u>

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Employer's Current Service Cost	(5,238,000)	(4,956,000)
Interest Cost on Obligation	(7,085,000)	(6,563,000)
Interest Income on Plan Assets	8,793,000	8,779,000
Administrative Expenses	<u>(497,000)</u>	<u>(525,000)</u>
<b>Net Pension Expense recognised</b>	<u><u>(4,027,000)</u></u>	<u><u>(3,265,000)</u></u>
Actuarial Gain/(Loss) on Obligation	56,003,000	(2,103,000)
Actuarial (Gain)/Loss on Plan Assets	(8,598,000)	(3,792,000)
Change in Effect of Asset Ceiling	<u>(62,438,000)</u>	<u>-</u>
<b>Remeasurement Income/(Expense)</b>	<u><u>(15,032,000)</u></u>	<u><u>(5,895,000)</u></u>

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net Asset at beginning of year	16,041,000	19,578,000
Pension Expense recognised	(4,027,000)	(3,266,000)
Remeasurements	(15,032,000)	(5,895,000)
Contributions Paid	<u>5,855,000</u>	<u>5,624,000</u>
Closing Net Asset at end of year	<u><u>2,837,000</u></u>	<u><u>16,041,000</u></u>

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**9. Retirement Benefit Asset (Cont'd):**

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

	<b><u>2022</u></b>	<b><u>2021</u></b>
Discount rate	13.0%	8.0%
Expected future salary increases	7.5%	5.50%
Price Inflation	5.5%	5.0%
Pension Increases	5.50%	3.75%

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:

	<b><u>2022</u></b> <b><u>'000</u></b>	<b><u>2021</u></b> <b><u>'000</u></b>	<b><u>2020</u></b> <b><u>'000</u></b>	<b><u>2019</u></b> <b><u>'000</u></b>	<b><u>2018</u></b> <b><u>'000</u></b>
Fair Value of Plan Assets as previously reported	<u>113,957</u>	<u>105,557</u>	<u>94,001</u>	<u>82,302</u>	<u>66,570</u>
Defined Benefit Obligation as previously reported	48,682	89,516	74,423	65,306	56,511
Change in Effect of Asset Ceiling	<u>62,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus	<u>2,837</u>	<u>16,041</u>	<u>19,578</u>	<u>16,996</u>	<u>10,059</u>

**Experience Adjustments**

Fair Value of Plan Assets as previously reported	<u>8,598</u>	<u>3,792</u>	<u>(1,023)</u>	<u>2,089</u>	<u>(766)</u>
Defined Benefit Obligation	<u>941</u>	<u>(1,192)</u>	<u>(1,203)</u>	<u>2,493</u>	<u>(1,226)</u>

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**10. Current Assets - Earning:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<u>Liquid Assets:</u>		
CUFMC - CUMAX	4,823	81,570,963
LIQUIDITY RESERVE DEP. @JCCUL	162,531,940	-
DEMAND DEPOSIT (@ JCCUL	56,584,205	-
CUFMC - CUMAX (Cucash)	-	40,932,662
CUFMC - CUMAX (Cupremium)	964,744	964,744
Money Masters Ltd.	-	6,318,308
	<u>220,085,712</u>	<u>129,786,677</u>

Financial Investments:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Amortised Cost:		
JCCUL Mortgage Fund	75,217	73,362
C.U.E.T.S. Deposit	47,698,893	47,255,997
	<u>47,774,110</u>	<u>47,329,359</u>

**11. Current Assets - Non-Earning:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<u>Liquid Assets</u>		
<u>Cash and Bank Balances</u>		
Savings Account	662,112	660,625
Current Account	62,128,765	63,444,771
Cash on Hand	5,991,207	1,304,777
	<u>68,782,084</u>	<u>65,410,173</u>

Receivables & Prepayments

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Interest Receivable - Loans	48,573,273	49,127,124
Other Receivables & Prepayments	8,208,742	4,170,895
	<u>56,782,015</u>	<u>53,298,019</u>

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**12. Members' Permanent Shares:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	180,883,329	170,887,289
Net Subscriptions & Transfers	-	9,996,040
Balance at end of year	<u>180,883,329</u>	<u>180,883,329</u>

**13. Non-Institutional Capital:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
i) Revaluation & Building Reserve	163,313,966	74,040,966
ii) Retirement Benefit Asset Reserve	2,837,000	16,041,000
iii) General Reserve	1,554	1,554
iv) Special Reserve	29,137	29,137
v) Fair Value Reserve	-	3,074,506
vi) Share Transfer Fund	427,578	1,101,014
vii) Accumulated (Deficit)/Undistributed Surplus	(18,251,709)	3,595,591
(viii) Loan Loss Reserve	<u>13,007,973</u>	<u>3,713,411</u>
	<u>161,365,499</u>	<u>101,597,179</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:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Retained Earnings Reserve	10,000,000	10,000,000
Legal & Statutory Reserves (Note 15)	111,840,048	111,470,049
	<u>121,840,048</u>	<u>121,470,049</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:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	111,470,049	108,789,062
Add: 20% of Net Income	-	2,401,987
Entrance Fees	369,999	279,000
Balance at end of year	<u>111,840,048</u>	<u>111,470,049</u>

**16. Interest Bearing Liabilities - Savings Deposits:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b><u>Non-Current</u></b>		
Special Deposits	1,341,591,707	1,163,315,033
Youth Savings Deposits	49,272,461	47,435,348
	<u>1,390,864,168</u>	<u>1,210,750,381</u>
<b><u>Current</u></b>		
Regular Savings and Deposits	88,265,231	95,103,131
Fixed Deposits	175,748,573	29,395
Christmas Savings Club	4,722,892	5,627,723
Golden Harvest Savings	17,603,899	14,072,377
Golden Harvest (7%)	28,846,762	23,077,367
Partner Plan	647,402	525,200
Standing Orders (Delinquent)	1,349,125	3,993,941
Standing Orders	12,981,673	13,368,223
	<u>330,165,557</u>	<u>155,797,357</u>
	<u><b>1,721,029,725</b></u>	<u><b>1,366,547,738</b></u>

**17. Members' Voluntary Shares/Deferred Shares:**

**Voluntary Shares**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	1,085,040,826	1,052,499,990
Add : Subscription/Dividends Paid	317,058,949	300,888,271
	<u>1,402,099,776</u>	<u>1,353,388,261</u>
Less: Transfers	(283,250,308)	(268,347,435)
Balance at end of year	<u>1,118,849,467</u>	<u>1,085,040,826</u>

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

<b>Deferred Shares</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	98,283,478	74,326,521
Additions for the year	18,999,877	23,956,957
Balance at end of year	<u>117,283,355</u>	<u>98,283,478</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:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loans - JCCUL / CUFMC	270,586,103	82,746,194
Loans - Barita Ltd	-	39,452,055
Loans - Sagicor Bank	<u>85,600,000</u>	<u>180,000,000</u>
	<u>356,186,103</u>	<u>302,198,249</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 Two Hundred and Ninety-Nine Million Dollars (\$299m) was taken in the current year. The purposes are for liquidity support and off-lending. The interest rates on these loans consist of both fixed and variable rates and ranges between 8.75% and 12% 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:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b><u>Accounts Payable &amp; Accruals</u></b>		
Deceased Estate Accounts	33,004,153	9,798,994
ATM Payable	10,161,569	7,810,854
Bill Express Payable	5,872,084	1,583,600
Withheld Tax Payable	27,762,235	22,900,305
Interest Charges Payable	421,271	166,359
Dividend Payable	9,031	9,031
Accruals	367	11,550,367
Audit Fees Accrued	909,699	802,988
Conec Mobile Wallet	80,505	80,505
Bank Error Payables	2,399,774	-
Staff Expenses Accrued	12,261,124	12,556,796
NHT Micro-Finance Payable	1,479,135	688,157
Other	<u>7,325,388</u>	<u>9,353,975</u>
	<u>101,686,335</u>	<u>77,301,931</u>
<b><u>Other Provisions</u></b>		
Restoration Reserve	283,139	283,139
Disaster Relief Fund	1,829,207	1,829,207
Disability Fund	636,446	636,446
Scholarship Reserve / Education Provision	1,180	1,180
Building Improvement Reserve	1,325	1,325
Opening balance difference	<u>(20,190)</u>	<u>(20,190)</u>
	<u>2,731,107</u>	<u>2,731,107</u>
	<u>104,417,441</u>	<u>80,033,037</u>

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**20. Deferred Income:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Injection for IFRS 9 Implementation	1,886,121	2,359,100
Depreciation charge for Upgrade to Computer Software	(472,979)	(472,979)
	<u>1,413,142</u>	<u>1,886,121</u>

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

**21. Liquid Asset and Financial Investment Income:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
(i) <b>Liquid Assets</b>		
Term Deposits	<u>16,388,350</u>	<u>9,692,852</u>
(ii) <b>Financial Investments</b>		
Shares-JCCUL	139,507	-
Dividend on League Investment	-	311,486
NCB Shares	-	5,100
	<u>139,507</u>	<u>316,586</u>

**22. Financial Costs:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Bank Charges	<u>1,522,583</u>	<u>1,378,550</u>

**23. Miscellaneous Income:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Fees and Commission	5,666,965	6,584,233
Loan Administration Fee	8,145,820	9,218,755
Internet Banking Income	47,320	57,050
ATM Fee Income	2,791,582	2,676,610
Recovered Income	8,331,789	239,900
Sale of Rule Books	38,640	29,295
Other Income	1,030,519	-
Injection from JCCUL Stabilisation re Implementation of IFRS9	472,979	472,979
	<u>26,525,614</u>	<u>19,278,822</u>

**24. Operating Expenses:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Personnel Expenses:</b>		
Salaries & Wages	142,901,228	150,120,611
Employer's Statutory Contribution	16,257,591	17,825,254
Staff Training & Welfare	5,987,536	6,569,428
Staff Travel & Subsistence	15,307,457	13,840,297
Group Life Insurance	1,158,638	1,391,123
Pension Defined Contribution	2,154,105	1,975,058
Pension Defined Benefit	5,837,655	3,254,579
	<u>189,604,210</u>	<u>194,976,350</u>

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**24. Operating Expenses (Cont'd):**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Members Security:</b>		
Golden Harvest Insurance	234,272	190,482
Life Saving & Loan Protection Insurance	27,910,569	24,690,339
Cumis Bond	541,654	882,919
	<u>28,686,495</u>	<u>25,763,740</u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Marketing &amp; Promotion:</b>		
Advertising & Public Relations	6,136,490	6,776,827
Promotion	1,020,863	25,000
Christmas Gifts	-	281,890
	<u>7,157,353</u>	<u>7,083,717</u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Administrative Expenses:</b>		
Repairs & Maintenance	4,674,150	4,813,237
Depreciation	15,394,164	13,502,398
Rent	5,449,657	5,180,312
Audit Fees	1,493,525	1,533,525
Professional & Consulting Fees	7,571,141	6,559,948
Security	3,115,750	2,829,344
Stationery	4,269,760	2,686,736
Office Supplies	1,384,584	1,473,964
Insurance - Premises & Assets	1,794,000	1,540,672
Electricity	7,924,682	6,594,917
Telephone	9,878,955	9,311,720
Water Rates & Taxes	1,039,976	1,544,972
Cable Television Charges	411,982	431,596
Donations	1,740,200	1,420,843
Miscellaneous	4,630,334	4,295,610
	<u>70,772,860</u>	<u>63,719,794</u>

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**24. Operating Expenses (Cont'd):**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Representation &amp; Affiliation:</b>		
League Fees	6,616,976	5,980,434
Stabilization Dues	3,064,486	1,607,116
Annual General Meeting - League	531,057	10,000
Annual General Meeting - Members	184,392	-
Funeral Aid (Staff & Committee)	600,000	400,000
Travel and Subsistence - Volunteers	9,571,100	10,416,701
Meetings and Seminars - Volunteers	829,162	5,127,278
PEP Grant	986,850	-
Scholarships	800,000	-
Members' Welfare	1,183,755	130,705
ATM Participation Fee	2,627,122	3,143,636
	<u>26,994,900</u>	<u>26,815,870</u>
<b>Total Operating Expenses</b>	<u><b>323,215,818</b></u>	<u><b>318,359,471</b></u>

**25. Appropriations:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Previous Year's Surplus:</b>		
Education/Scholarship Reserve	-	800,000
PEP Grant	-	1,000,000
ATM Defrauded Provision	-	2,000,000
Dividends Paid on Permanent Shares	-	20,000,000
Permanent Share Reserve Transfer	-	2,000,000
Honoraria	-	5,000,000
Annual General Meeting Reserve	3,595,588	4,000,000
	<u>3,595,588</u>	<u>34,800,000</u>

**26. Comparison of Ledger Balances:**

	<b>2022</b>			
	<b>Permanent Shares</b>	<b>Voluntary Shares</b>	<b>Loans</b>	<b>Savings Deposits</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General Ledger	180,883,329	1,118,849,467	3,261,967,750	1,721,029,725
Personal Ledger	<u>180,883,329</u>	<u>1,118,849,467</u>	<u>3,261,967,750</u>	<u>1,721,029,725</u>
	<b>2021</b>			
	<b>Permanent Shares</b>	<b>Voluntary Shares</b>	<b>Loans</b>	<b>Savings Deposits</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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>



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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 60 (2021: 63).

	\$
Total Shares	184,545,125
Total Loans	57,907,988

	<u>Amount</u>	<u>Loans</u>	<u>Shares</u>
	\$	\$	\$
Staff	41	118,528,106	29,734,959
Directors	9	43,745,554	19,043,269
Supervisory & Credit Committee	10	22,271,464	9,129,760
	<u>60</u>	<u>184,545,125</u>	<u>57,907,988</u>

No waiver was granted on the above loans. As at 31st December 2022 all loans were being repaid in accordance with the loan agreements.

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

	\$
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 \$541,654 (2021: \$882,919).

**(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 \$27,910,569 (2021: \$24,690,339).

**(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 \$1,794,000 (2021: \$1,540,672).

## **29. Financial Instruments Risk Management:**

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

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

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

### **(a) Credit Risk**

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

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

**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	180 months
2)	3 : 1	Demand Loan	36 months
3)	5 : 1	Personal Loan	180 months
4)		Easy Access Loan	192 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.

## 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

	2022			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Loans to Members before Expected Credit Loss	3,217,799,672	9,784,558	98,483,213	3,326,067,443
Expected Credit Loss	2,091,415	4,125,821	58,392,187	<u>64,609,423</u>
	2021			
	<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>

**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:

	<b>2022</b>	<b>2021</b>
	<b>₤</b>	<b>₤</b>
Loans to members, (net)	3,261,458,020	2,834,982,828
Liquid assets-earning	220,085,712	129,786,677
Financial investments	78,048,145	127,477,660
Liquid assets-non-earning	68,782,084	65,410,173
Receivables and prepayments	56,782,015	53,298,019
	<u>3,685,155,976</u>	<u>3,210,955,357</u>



**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 13 to 1 (2021: 0.09 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.

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

**b) Liquidity Risk (cont'd):**

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

**NON-CURRENT ASSETS**

**Earning:**

Loans to Members - Net of Provision for Loan Impairment	-	11,661,612	27,377,036	371,538,294	1,194,411,286	1,656,469,793	3,261,458,021
Financial Investments	-	-	-	-	-	31,900,891	31,900,891

**CURRENT ASSETS**

**Earning:**

Liquid Assets	-	219,120,969	-	-	-	-	219,120,969
Financial Investments	-	47,774,111	-	-	-	-	47,774,111

**Non-Earning:**

Liquid Assets	68,119,971	-	-	-	-	-	68,119,971
Receivables	49,553,814	-	7,228,200	-	-	-	56,782,015

**TOTAL ASSETS**

	117,673,786	278,556,692	34,605,236	371,538,294	1,194,411,286	1,688,370,684	3,685,155,977
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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.

**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 2022**

(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	-	-	-	1,341,591,707	49,272,461	-	-	1,390,864,168
Members' Voluntary Shares	-	-	-	-	1,118,849,467	-	-	1,118,849,467
Members' Deferred Shares	-	-	-	117,283,355	-	-	-	117,283,355

**CURRENT LIABILITIES**

**Interest Bearing:**

External Credit	-	-	-	356,186,103	-	-	-	356,186,103
Savings Deposits	12,981,673	-	-	28,846,762	19,600,426	88,265,231	-	330,165,557

**Non-Interest Bearing:**

Payables and Accruals	-	-	-	-	-	-	-	104,417,441
Deferred Income	-	-	-	-	-	1,413,142	-	1,413,142

**TOTAL LIABILITIES**

	12,981,673	-	-	1,843,907,927	1,187,722,354	89,678,373	-	3,419,179,233
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**TOTAL LIQUIDITY GAP**

	104,692,112	278,556,692	(250,283,670)	(1,472,369,633)	6,688,932	1,598,692,312	-	265,976,744
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**CUMULATIVE GAP**

	104,692,112	383,248,804	132,965,133	(1,339,404,499)	(1,332,715,568)	265,976,744	-	531,953,488
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**TOTAL ASSETS**

	114,537,297	194,767,668	35,571,045	453,644,130	2,190,795,478	221,639,738	-	3,210,955,356
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**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	-	276,965,907
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**CUMULATIVE GAP**

	101,169,074	295,936,742	245,817,632	(887,412,365)	152,315,421	276,965,907	-	-
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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 2022 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 55% or \$959,040 movement for the year 2022 (2021 - \$1,491,120 or 132%). 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 \$95,904 (2021 - \$149,112).

**(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.

**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>2022</u>		<u>2021</u>	
	Interest Rate %	\$	Interest Rate %	\$
<b>Financial Assets</b>				
Loans to Members after Provision	7.99 - 20	3,261,458,020	7.99 - 20	2,834,982,828
CUFMC - CUMAX		4,823		81,570,963
CUFMC - CUMAX (Cucash)		-		40,932,662
CUFMC - CUMAX (Cupremium)		964,744		964,744
Liquidity Reserve Deposit @ JCCUL	3%	162,531,940		-
Demand Deposit @ JCCUL	0.75%	56,584,205		-
Financial Investments -				
FVOCI Securities	2.5	75,217	2.5	73,362
Amortised Cost Securities	1.05	47,698,893	1.05	47,255,997
		<u>3,529,317,843</u>		<u>3,005,780,556</u>
<b>Financial Liabilities</b>				
Savings Deposits	1.0 - 8.0	1,721,029,725	1.0 - 8.0	1,366,547,738
External Credits	10.75 - 13.0	<u>356,186,103</u>	10.75 - 13.0	<u>302,198,249</u>
		<u>2,077,215,828</u>		<u>1,668,745,987</u>
		<u>1,452,102,015</u>		<u>1,337,034,569</u>
<b>Sensitivity Analysis - Interest rate sensitivity</b>				
			<u>2022</u>	<u>2021</u>
			-100	-100
			+100	+100

The disclosures provided in this note are based on the Credit Union's investment portfolio as at 31st December 2022.



**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:

	<b>2022</b>		<b>2021</b>	
	Interest Rate		Interest Rate	
	%	\$	%	\$
Financial Investments -				
FVOCI Securities	(3)	(2,257)	(3)	(2,348)
Amortised Cost Securities	2	<u>953,978</u>	2	<u>921,492</u>
		951,721		919,144
Financial Liabilities				
Savings Deposits	(6)	<u>(103,261,784)</u>	(6)	<u>(81,992,864)</u>
		(103,261,784)		(81,992,864)
		104,213,505		82,912,009

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

**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)**

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.

**NON-CURRENT ASSETS**

**Earning:**

Loans to Members - Net of Provision for Loan Impairment	-	11,661,612	27,377,036	371,538,294	1,194,411,286	1,656,469,793	3,261,458,021
Financial Investments	-	-	-	-	-	31,900,891	31,900,891

**CURRENT ASSETS**

**Earning:**

Liquid Assets	-	219,120,969	-	-	-	-	219,120,969
Financial Investments	-	47,774,111	-	-	-	-	47,774,111

**Non-Earning:**

Liquid Assets	68,119,971	-	-	-	-	-	68,119,971
Receivables	49,553,814	-	7,228,200	-	-	-	56,782,015

**TOTAL ASSETS**

	117,673,786	278,556,692	34,605,236	371,538,294	1,194,411,286	1,688,370,684	3,685,155,977
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**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 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**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 \$
<b><u>NON-CURRENT LIABILITIES</u></b>							
<b>Interest Bearing:</b>							
Savings Deposits	-	-	-	1,341,591,707	49,272,461	-	1,390,864,168
Members' Voluntary Shares	-	-	-	-	1,118,849,467	-	1,118,849,467
Members' Deferred Shares	-	-	-	117,283,355	-	-	117,283,355
<b><u>CURRENT LIABILITIES</u></b>							
<b>Interest Bearing:</b>							
External Credit	-	-	-	356,186,103	-	-	356,186,103
Savings Deposits	12,981,673	-	180,471,465	28,846,762	19,600,426	88,265,231	330,165,557
<b>Non-Interest Bearing:</b>							
Payables and Accruals	-	-	104,417,441	-	-	-	104,417,441
Deferred Income	-	-	-	-	-	1,413,142	1,413,142
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>12,981,673</b>	<b>-</b>	<b>284,888,906</b>	<b>1,843,907,927</b>	<b>1,187,722,354</b>	<b>89,678,373</b>	<b>3,419,179,233</b>
<b>TOTAL LIQUIDITY GAP</b>	<b>104,692,112</b>	<b>278,556,692</b>	<b>(250,283,670)</b>	<b>(1,472,369,633)</b>	<b>6,688,932</b>	<b>1,598,692,312</b>	<b>265,976,744</b>
<b>CUMULATIVE GAP</b>	<b>104,692,112</b>	<b>383,248,804</b>	<b>132,965,133</b>	<b>(1,339,404,499)</b>	<b>(1,332,715,567)</b>	<b>265,976,745</b>	<b>531,953,489</b>
<b>2021</b>							
<b>TOTAL ASSETS</b>	<b>128,940,447</b>	<b>265,299,090</b>	<b>25,650,014</b>	<b>1,132,456,992</b>	<b>1,170,641,787</b>	<b>216,055,455</b>	<b>2,939,043,785</b>
<b>TOTAL LIABILITIES</b>	<b>15,039,019</b>	<b>-</b>	<b>1,417,223,910</b>	<b>1,002,296,044</b>	<b>50,051,504</b>	<b>176,774,707</b>	<b>2,661,385,184</b>
<b>TOTAL LIQUIDITY GAP</b>	<b>113,901,428</b>	<b>265,299,090</b>	<b>(1,391,573,896)</b>	<b>130,160,948</b>	<b>1,120,590,283</b>	<b>39,280,748</b>	<b>277,658,601</b>
<b>CUMULATIVE GAP</b>	<b>113,901,428</b>	<b>379,200,518</b>	<b>(1,012,373,378)</b>	<b>(882,212,430)</b>	<b>238,377,853</b>	<b>277,658,601</b>	<b>-</b>

**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.

**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 2022 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.

**2022**

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Fair Value through Other Comprehensive Income				
Quoted Investments at Fair Value	959,040	-	-	959,040

**2021**

	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
	1,491,120	4,314,995	-	5,806,115

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.



**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:

	<b>2022</b>		<b>2021</b>	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>				
<u>Earning</u>				
Loans to Members	3,261,458,020	3,261,458,020	2,834,982,828	2,834,982,828
Financial Investments	78,048,145	78,048,145	127,477,660	127,477,660
Liquid Assets	220,085,712	220,085,712	129,786,677	129,786,677
<u>Non-Earning</u>				
Liquid Assets	68,782,084	68,782,084	65,410,173	65,410,173
Receivables & Prepayments	56,782,015	56,782,015	53,298,019	53,298,019

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

(d) Fair Value (cont'd):

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
<b>Financial Liabilities:</b>				
<u>Interest Bearing</u>				
Savings Deposits	1,721,029,725	1,721,029,725	1,366,547,738	1,366,547,738
Members' Voluntary Shares	1,118,849,467	1,118,849,467	1,085,040,826	1,085,040,826
Members' Deferred Shares	117,283,355	117,283,355	98,283,478	98,283,478
External Credit	356,186,103	356,186,103	302,198,249	302,198,249
<u>Non - Interest Bearing</u>				
Payables & Accruals	104,417,441	104,417,441	80,033,037	80,033,037

# Maximum Liability Resolution

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

  
.....  
Christopher Murdock  
Treasurer

# Proposed Delinquent Loans for Charge Off

Below is a list of one hundred and ninety-nine (199) members who have been delinquent for over 365 days (Pages 82-87). The total delinquent loan balances amounted to \$89,688,278.72.

Member's Name	Principal	Interest	Total
LAING, GERALD	2,436,266.55	778,332.68	3,214,599.23
DUNBAR, CAMAL	2,100,136.95	94,487.96	2,194,624.91
GOLDING, ONAIR	2,042,271.15	664,920.81	2,707,191.96
TINKER, ANDREW	2,028,688.43	685,887.98	2,714,576.41
EVANS, DEVON	1,817,855.48	2,229,972.54	4,047,828.02
ROSE, LEIGHTON	1,758,483.32	1,150,903.54	2,909,386.86
DIXON, TYRONE	1,673,405.41	75,288.72	1,748,694.13
TAYLOR-HEMMINGS, CHRISTINE	1,652,850.03	671,568.32	2,324,418.35
MUIR, DALTON	1,384,726.93	1,050,816.67	2,435,543.60
ANDERSON, ADRIAN	1,311,791.66	500,724.37	1,812,516.03
IRVING, GARNET	1,128,650.28	691,326.72	1,819,977.00
ELLISON, GREG	1,074,858.39	846,918.03	1,921,776.42
BROOKS, MERICK	1,057,302.11	817,619.02	1,874,921.13
LUDFORD, CLOVIS	1,044,430.78	797,832.96	1,842,263.74
DIXON, GLENROY	1,007,171.46	45,314.00	1,052,485.46
CLARKE, WINSTON	997,323.14	889,809.74	1,887,132.88
ALLEN, DELANO	914,377.68	512,079.68	1,426,457.36
CLAYTON, JEVAUN	904,598.78	704,218.52	1,608,817.30
ANDERSON, ADRIAN	891,123.12	40,092.83	931,215.95
WRAY, PHILLIP	871,827.53	39,365.98	911,193.51
BARRETT, DIMETRUS	766,776.53	401,452.10	1,168,228.63
SMITH, SAMORA	711,218.25	188,560.05	899,778.30
GRAHAM, MARK	694,121.04	446,416.84	1,140,537.88
BELL, DENTON	684,986.32	172,087.20	857,073.52
MCLEOD, RICHARD	681,550.02	651,315.85	1,332,865.87
ANDERSON, AINSLEY	642,682.07	191,328.39	834,010.46
BROOKS, HORACE	614,545.73	27,649.21	642,194.94

# Proposed Delinquent Loans for Charge Off

Member's Name	Principal	Interest	Total
HOWELL, DESMOND	611,177.62	476,213.79	1,087,391.41
BARNETT, DUVAL	606,823.95	193,013.40	799,837.35
DAVIS, RONALD	604,430.69	780,846.30	1,385,276.99
DIXON, NICOLE	604,161.19	232,357.20	836,518.39
MORRISON, PAUL	596,998.71	177,278.47	774,277.18
MCKAY, KIRK	595,304.21	257,989.42	853,293.63
HILLS-HEMMINGS, MELICIA	586,394.80	26,382.67	612,777.47
SMITH, CHRISTOPHER	550,713.07	404,534.88	955,247.95
SCOTT, RHAMONE	521,421.95	359,347.92	880,769.87
COPE, LEROY	509,164.82	355,739.30	864,904.12
HUTCHINSON, MATTHEW	504,774.74	575,550.99	1,080,325.73
LINDO, RYAN	488,725.72	168,394.47	657,120.19
MORGAN, CRAIG	472,500.00	156,825.00	629,325.00
LAING, GERALD	459,089.78	20,655.07	479,744.85
WILLIAMS, DERROL	452,363.61	334,752.92	787,116.53
SEWELL, JERMAINE	421,927.89	20,334.40	442,262.29
BROWN, CHERYL	400,282.47	294,803.78	695,086.25
FRANKLIN, TERRENCE	393,819.94	17,718.47	411,538.41
PATTERSON, KEVIN	392,728.17	180,860.50	573,588.67
THOMAS, ROBERT	388,668.52	150,336.86	539,005.38
SLOLEY, MICKEY	375,979.55	16,915.81	392,895.36
WRIGHT, CAMILLEA	370,169.11	108,007.16	478,176.27
PALMER, BERTRAM	365,653.75	16,451.23	382,104.98
SMITH, KEVON	365,290.71	116,489.00	481,779.71
REID, SAMANTHA	360,225.26	16,207.03	376,432.29
NELSON, DANIEL	355,867.52	471,368.62	827,236.14
SMITH, SAMUEL	354,986.90	422,377.44	777,364.34



# Proposed Delinquent Loans for Charge Off

Member's Name	Principal	Interest	Total
BEAN, EUDELSY	342,895.48	186,634.55	529,530.03
WHYTE, CAMILLE	341,390.28	15,359.61	356,749.89
MCLEAN, THOMAS	334,373.43	376,477.39	710,850.82
ROBINSON, SAMUEL	331,120.65	169,694.88	500,815.53
MILLER, OTMAR	327,961.42	188,301.67	516,263.09
BONNER, WINDELL	315,300.19	230,632.98	545,933.17
BURKE, WINSTON	310,317.23	13,961.60	324,278.83
SMITH, DERRIAN	297,931.95	13,404.37	311,336.32
MORRIS, STEVON	293,891.71	13,222.59	307,114.30
MASTERS, TAMOR	279,297.00	126,517.75	405,814.75
PATTERSON, KEVIN	278,617.17	12,535.36	291,152.53
BAILEY, SHANE	271,633.13	31,221.34	302,854.47
SMITH, DERRIAN	268,477.09	138,990.67	407,467.76
GAYLE, ROCKEL	248,707.26	70,607.98	319,315.24
MORGAN, HUGH	245,793.19	95,201.56	340,994.75
STREETE, MELISSA	242,255.99	133,804.35	376,060.34
FRANCIS, ROSHANA	237,760.11	71,778.36	309,538.47
MCLEOD, RICHARD	237,327.42	10,677.68	248,005.10
FORD, DAVID	235,570.24	384,877.73	620,447.97
PRYCE, RONALDO	229,962.13	87,098.00	317,060.13
MORRISON, PAUL	229,540.36	10,327.34	239,867.70
BELL, DENTON	228,259.40	10,269.69	238,529.09
CAMPBELL, DWYANE	228,050.57	107,237.99	335,288.56
GRANNEL, KELVIN	227,535.78	10,237.13	237,772.91
CAMPBELL, ONEIL	223,335.92	10,149.13	233,485.05
HOWELL, DESMOND	215,837.43	98,127.72	313,965.15
MILLER, DEVON	214,009.40	93,094.06	307,103.46
BEAN, EUDELSY	212,545.66	9,562.70	222,108.36

# Proposed Delinquent Loans for Charge Off

Member's Name	Principal	Interest	Total
LINDO, RYAN	197,038.40	102,006.74	299,045.14
SUTHERLAND, FIDEL	188,973.47	340,979.51	529,952.98
BARNES, IVAN	188,767.41	8,492.89	197,260.30
SMALL, TREVAN	178,069.44	80,544.86	258,614.30
SMITH, CHRISTOPHER	176,412.94	85,330.60	261,743.54
LUMSDEN, RENEE'	172,085.43	71,038.16	243,123.59
PEART, JEROME	166,949.54	146,226.15	313,175.69
GRANT, WILBERT	157,146.86	49,632.60	206,779.46
ROBINSON, SAMUEL	153,603.64	45,900.91	199,504.55
WILSON, LURLINE	148,352.95	47,263.42	195,616.37
MILLER, DEVON	143,324.39	175,522.58	318,846.97
PATTERSON, KEVIN	132,753.00	64,292.42	197,045.42
MCLEAN, THOMAS	129,747.21	50,339.01	180,086.22
PHILLIPS, RAJIV	124,577.80	33,717.20	158,295.00
LUMSDEN, RENEE'	124,024.72	71,288.31	195,313.03
THAXTER, HUNTLEY	122,109.26	442,178.09	564,287.35
THOMAS, CLIFFORD	121,312.72	0	121,312.72
HALL, BREZHNEV	118,811.86	332,144.33	450,956.19
FRANKLIN, TERRENCE	112,935.50	46,971.96	159,907.46
REID, LAUREL	110,748.54	250,162.23	360,910.77
DIXON, GLENROY	98,263.11	41,321.70	139,584.81
GILBERT-SMITH, LISA-MAY	96,925.29	0	96,925.29
POUNALL, JASON	95,663.47	48,677.31	144,340.78
SEWELL, JERMAINE	95,057.77	55,437.85	150,495.62
RICHARDS, CHRISTOPHER	94,712.00	66,180.95	160,892.95
SMITH, CHRISTOPHER	90,144.33	0	90,144.33
SPENCE, TAMIKA	81,704.56	38,534.91	120,239.47
MAXWELL, KEON	80,664.00	0	80,664.00

# Proposed Delinquent Loans for Charge Off

Member's Name	Principal	Interest	Total
FARQUHARSON, DAMIAN	76,331.77	69,187.50	145,519.27
SMITH, DERRIAN	76,284.21	32,039.28	108,323.49
BUCKLEY, RAJAE	74,374.73	0	74,374.73
BARNES, ALTON	71,185.65	115,600.00	186,785.65
FFRENCH, DEVEN	70,568.49	13,862.21	84,430.70
HIGGINS, RORY	69,848.67	51,097.22	120,945.89
ALLEN, DELANO	67,324.06	43,050.00	110,374.06
WILLIS, SHAUNA	64,965.49	0	64,965.49
CHAMBERS, AARON	64,498.15	0	64,498.15
DUNBAR, CAMAL	63,648.42	22,960.00	86,608.42
NICHOLSON, JACKEE	60,884.34	0	60,884.34
SPENCE, TAMIKA	60,000.00	0	60,000.00
BROWN, AUTHUR	55,169.87	13,240.80	68,410.67
BEAN, EUDELSY	53,909.77	40,534.19	94,443.96
GRANT, NEIL	53,300.06	16,523.00	69,823.06
SUTHERLAND, FIDEL	53,142.00	22,319.64	75,461.64
HANNA, ZHIVAGO	52,553.79	22,089.24	74,643.03
MCLEOD, RICHARD	49,595.92	42,649.60	92,245.52
CAMPBELL, DENAKAYE	48,206.33	68,203.32	116,409.65
BROOKS, HORACE	46,771.00	0	46,771.00
BEEZER, ANDREW	43,636.07	11,345.36	54,981.43
BARRETT, DIMETRUS	40,654.00	22,960.08	63,614.08
THOMPSON, JAVAUGHN	40,140.67	0	40,140.67
MOGENT, ERIC	35,771.13	37,023.33	72,794.46
MARTIN, CLEON	33,286.91	0	33,286.91
JAMES, ROHAN	29,670.30	43,991.85	73,662.15
SMALL, TREVAN	27,896.22	51,250.00	79,146.22
ROSE, LEIGHTON	27,721.71	16,399.92	44,121.63

# Proposed Delinquent Loans for Charge Off

Member's Name	Principal	Interest	Total
DUCALLY, DUMAR	23,604.73	9,563.89	33,168.62
BIGGS, PHILBERT	22,759.58	3,869.20	26,628.78
POUNALL, JODIAN	22,531.28	12,242.27	34,773.55
SMITH, KEVIN	19,896.00	0	19,896.00
MILLER, MAINARD	18,791.57	0	18,791.57
RICHARDS, CHRISTOPHER	18,681.86	9,874.83	28,556.69
SHIPPY, RAYON	17,232.62	13,956.52	31,189.14
REID, SHELLIAN	15,479.23	0	15,479.23
JACKSON, JASON	14,107.77	0	14,107.77
SIMMS, CHRIS-ANN	13,465.14	0	13,465.14
SIMMS, NEVIN	10,487.84	2,202.48	12,690.32
WILMOTH, OSHANE	10,257.59	0	10,257.59
CHRISTIAN, WAYNE	9,054.40	0	9,054.40
GRANT, NEIL	7,198.49	29,828.61	37,027.10
NATION, SHERICKA	5,489.44	0	5,489.44
DIETRICH, KAHLIL	4,776.17	0	4,776.17
NICHOLSON, JACKEE	3,241.22	3,572.72	6,813.94
KNIGHT, OCKENO	2,999.73	0	2,999.73
EDWARDS, LEON	2,762.60	7,578.48	10,341.08
ADAMS, ALTHEA	2,688.87	0	2,688.87
ANDERSON, ANDRE	348,360.48	436,680.41	785,040.89
JOHNSON, LINCOLN	346,867.63	160,587.81	507,455.44
THAXTER, HUNTLEY	207,590.92	115,261.33	322,852.25
PRYCE, RONALDO	206,370.44	9,284.87	215,655.31
BARRETT, O'NEIL	80,557.70	0	80,557.70
WRIGHT, CAMILLEA	79,275.75	167,116.04	246,391.79
WILLIAMS-MORGAN, DIANA	26,569.99	0	26,569.99
WILSON, JOSEPH	25,903.74	35,872.16	61,775.90

# Credit Committee Report

Year Ending 2022



**Steven Watson**  
Chairman



**Patsie Wallen-Lindsay**  
Secretary



**Carlene Allen**  
Member



**Michael Farquharson**  
Member



**Anthony Lewis**  
Member

The Credit Committee ensures that through our approval and ratification procedures, all loans are disbursed in accordance with the rules, regulations, and policies of the Public Sector Employees Co-operative Credit Union. The Committee meets on average twice per month and as the need arises, to examine loan processes, to ratify loans, and to approve loans. The Credit Administration Manager held a workshop on the Policy guidelines and provided an overview for the implementation of the Mega Consolidation loan, Line of Credit, and Pensioner Consolidation Loan facilities.

The year 2022 saw an increase in the loan portfolio by 15.04% over the previous year, as members accessed more loan products during the year. The Credit Union granted loans of approximately Two Billion One Hundred and Twenty Nine Million Sixty Two Thousand Six hundred and Ninety Eight Dollars (\$2,129,062,698) in Twenty-Two (22) loan categories.

At our last Annual General Meeting that was held on Saturday the 10th of September 2022, the following members were retired and made themselves available for nomination, namely Mr. Anthony Lewis, Mrs. Patsie Wallen Lindsay, and Mrs. Carlene Allen. Subsequently, all nominated members were returned to serve for another two (2) years.

On Thursday, September 15, 2022, a special meeting was held by the Committee to elect the Chairman and Secretary. Mr. Steven Watson was elected as Chairman, and Mrs. Patsie Wallen Lindsay elected as Secretary.

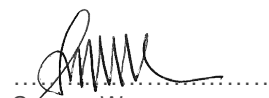
## ATTENDANCE REPORT JANUARY 2022-DECEMBER 2022

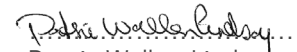
For the year under review, a total of Twenty-Seven (27) meetings were held.

Names	Schedule Meetings	Present	Excused
Steven Watson (Chairman)	28	22	6
Carlene Allen (Member)	28	27	1
Patsie Wallen-Lindsay (Secretary)	28	28	nil
Anthony Lewis (Member)	28	27	1
Michael Farquharson (Member)	28	28	nil

## ACKNOWLEDGEMENT

The Credit Committee extends our appreciation to you our valued members for your continued confidence and trust in selecting us to serve you during the year 2022. We are committed to the delivery of exceptional customer satisfaction as we continue to serve you better in 2023. We thank the Board of Directors, Management and Staff, and the Supervisory Committee for your continued support as we look forward to another successful year.

  
Steven Watson  
Chairman

  
Patsie Wallen-Lindsay  
Secretary

# Supervisory Committee's Report

## Year Ending 2022



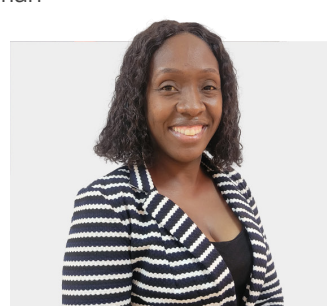
**Jason Rodriques**  
Chairman



**Julian Oscar**  
Secretary



**Omar Drysdale**  
Member



**Sancha Miller-McPherson**  
Member



**Junnifer Dixon-Gordon**  
Member

On behalf of the Supervisory Committee, we want to express our appreciation to you, the members, for granting us the privilege to ensure that your financial affairs are safe. It was our pleasure to serve you as we interrogated the operational activities and made copious recommendations to improve the products and services of your preferred financial institution.

The prosperity and financial wellbeing of this organization is our best interest. We strive to ensure that the decisions are congruent with the best practices and the greater good of our membership. Additionally, we must applaud the Management, Staff, and Volunteers, which includes the Board of Directors and Credit Committee for their astuteness.

The Supervisory Committee is seen as the "Watch dog" of the Credit Union as we exercise our oversight responsibilities. We are vested with the authority to ensure that the Credit Union is in compliance with the laws, bylaws, regulations, directives of the Board of Directors and established policies. We also investigate unresolved complaints from members.

In accordance with good governance and practices, the Supervisory Committee is comprised of five (5) volunteer members who execute their functions completely independent of the Credit Union's Management and officials. At the 54th, Annual General Meeting held at the Spanish Court Hotel in 2022, the following members were duly elected to serve on the Supervisory Committee for a further term of one (1) year:-

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

On Thursday September 15, 2022, in keeping with Rule 49, subsection (i) Society's Rule, a Special Meeting was held by the Committee to choose the Chairman and Secretary. Mr. Jason Rodriques and Miss Julian Oscar were unanimously elected as Chairman and Secretary respectively.

### SCHEDULED MEETING ATTENDANCE FOR YEAR UNDER REVIEW 2022/2023

Names	Schedule Meetings	Present	Excused
Jason Rodriques	14	14	nil
Julian Oscar	14	12	2
Junnifer Dixon-Gordon	14	8	6
Sancha Miller-McPherson	14	13	1
Omar Drysdale	14	14	nil

The Supervisory Committee is vested with the autonomy to select and conduct monthly inspections at any of the Credit

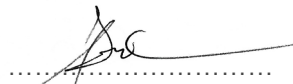


Union's offices. The Committee interrogates the efficiency and effectiveness of the various operational activities at each inspection and subsequently communicates the findings to the Board of Directors in the form of a report along with our recommendations. During the period of review, the Committee conducted several visits to the different locations. A total of eight (8) visits were completed at the Head Office, and five (5) done at the other branch offices. These visits were unannounced and candid in order to accurately assess the quality of the service delivery and record management systems.

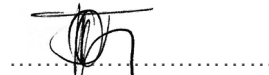
The Supervisory Committee was independently constituted to ensure that the operational activities of the Credit Union are in keeping with all the legal requirements. For the period under review, no adverse discrepancies were detected.

### **ACKNOWLEDGEMENT**

We want to first thank the Lord for sparing our lives. We also want to extend our gratitude to you the committed and faithful members, the Board of Directors, Credit Committee, Management and Staff for your continued support and cooperation.



Jason Rodriques  
Chairman



Julian Oscar  
Secretary

# Meet the 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



**Davia Thawe**  
Loans Officer



**Jodi-Ann McBean**  
Loans Clerk



**Deandra Williams-Bygrave**  
Loans Clerk



**Sharon Smith-Linton**  
Delinquency Officer



**Nicole Sweeney**  
Loans Clerk



**Shanakaye Bailey**  
Delinquency Clerk



**Pete Morse**  
Accounts Officer



**Elaine Williams**  
Accounts Officer



**Kadene Saunders**  
Senior Accounts Clerk



**Mishka Walker**  
Accounts Payable Clerk



**KerryAnn Smith**  
Accounts Receivable Clerk



**Jada Dunkley**  
Accounts Clerk



**Jodi-Ann Smith**  
Member Service  
Representative



**David Clarke**  
Information Technology  
Officer



**Tamara Newman**  
Executive Assistant



**Tamara Taylor**  
Records Clerk





**Patricia McLawrence**  
Senior Loans Clerk  
- Portmore



**Kimberley McDonald**  
Loans Clerk  
- Portmore



**Jannel Thompson**  
Loans Clerk  
- Montego Bay



**Neloresa Palmer**  
Loans Clerk  
- Montego Bay



**Kareen Simpson**  
Clerk  
- Mandeville



**Shavelle Edwards**  
Loans Clerk  
- St. Mary



**Fiona-Mae Blake**  
Temporary Clerk  
- St. Mary



**Michelle James**  
Office Attendant  
- St. Mary



**Monica Foster**  
Office Attendant  
- Portmore



**Tanya Dawkins**  
Office Attendant  
- Montego Bay



**Althia Douglas**  
Office Attendant  
- Head Office



**Donna Thompson**  
Office Attendant  
- Manchester



**Donovan Buchanan**  
Groundsman



**Devon McKoy**  
Security Personnel



**Delroy Mitchell**  
Security Personnel  
- Portmore

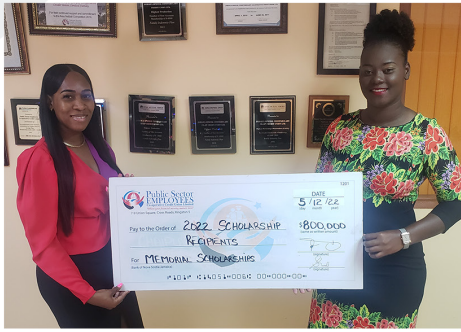


# 54th AGM Highlights





# Other Highlights





# Nominating 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 April 13, 2023, and in keeping with Rule 64, the Committee comprised of the persons named below:

1. Ms. Jeanette Davis – Chairperson (Board of Director)
2. Mrs. Carlene Allen - (Credit Committee)
3. Mrs. Tamara Maxwell Green - Deputy CEO (Finance & Admin.)

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

## The Board of Directors current status is as follows:

Board of Directors Retiring at 2023 Annual General Meeting are:	Board of Directors Retiring at 2024 Annual General Meeting:
George Hunter	Calvin Allen
Christopher Murdock	Jeanette Davis
Errol Adams	Dacy-Ann Graham
Andrew Johnson	Eric Wint
	Courtney Faulknor

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

Nominees for Board of Directors to serve for 2 years:
George Hunter
Christopher Murdock
Errol Adams
Andrew Johnson

## The Credit Committee current status is as follows:

Credit Committee Retiring at 2023 Annual General Meeting are:	Credit Committee Retiring at 2024 Annual General Meeting
Michael Farquharson	Carlene Allen
Steven Watson	Patsie Wallen-Lindsay
	Anthony Lewis

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

Credit Committees Members recommended
Steven Watson
Michael Farquharson

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. George Hunter:

Mr. Hunter is a Deputy Superintendent of Police, Officer in charge of Administration in St. Thomas and have served the Jamaica Constabulary Force for over thirty two (32) years. He served as a voluntary staff member at the Public Sector Credit Union for over 20 years, serving in various capacities including Branch Manager for Region 2. He also served as Board of Director for over ten (10) years. Mr. Hunter holds a Bachelor's Degree in Human Resource Management, an Associate Degree in Business Studies, a Diploma in Computer Repairs & Technology and he is currently pursuing his Masters in Human Relation at the University College of the Caribbean (UCC).

### 2. Errol Adams:

Mr. Adams is a Deputy Superintendent of Police, serving the Jamaica Constabulary Force for thirty two (32) years, Since 1991. Mr. Adams has been a volunteer at the Public Sector Credit Union for over 31 years, serving in various capacities, such as Supervisory Committee member for 13 years (1994-2006) and Board of Director Secretary for over 17 years since 2006. Mr. Adams is certified in credit union Risk Management.

### 3. Christopher Murdock:

Mr. Murdock is a retired Deputy Superintendent of Police and has served as a volunteer in various capacities of the Credit Union since 2003, namely Credit Committee Chairman in 2004 and as Board of Director since 2015. Mr. Murdock is a trained Teacher, holding a Diploma in Education from Mico Teachers College.

### 4. Andrew Johnson:

Mr. Johnson is an Assistant Superintendent of Police, serving the Jamaica Constabulary Force for over twenty (20) years. Mr. Johnson has served as General Secretary and Chairman of the Special Constabulary Force Association during the period 2008-2014. He became a member of the Board of Director at the Public Sector Credit Union in 2015. Mr. Johnson holds a Diploma in Hardware Maintenance & Repair from Vector Technology Institution (VTI), Certificates in Junior Command Course and Officer Field Command Course.

## CREDIT COMMITTEE

### 1. Michael Farquharson:

Mr. Farquharson is a retired Sergeant of Police and has been a member of the Public Sector Employees Co-operative Credit Union since 1993. He has served as a volunteer in various capacities of the Credit Union for the past 24 years such as Credit Committee member (joined in 1999) and also as Chairman. Mr. Farquharson holds Certificates in Credit Management and Risk Management.

### 2. Steven Watson:

Mr. Watson is an Inspector of Police and has been employed to the Jamaica Constabulary Force for over twenty four (24) years since October 1998. He has been a member of the Public Sector Employees Co-operative Credit Union since 1999 and has served on the Credit Committee since 2013, in the capacities of Credit Committee member and also Credit Committee Chairman.

## SUPERVISORY COMMITTEE

### 1. Sancha Miller-McPherson:

Mrs. Miller-McPherson is a Sergeant of Police employed to the Jamaica Constabulary Force (JCF) for over 18 years and is assigned to the Border Security Branch. She has been a member of the Public Sector Employees Co-operative Credit Union since 2005 and has served as a member of the Supervisory Committee since 2007 in the capacity of Secretary and Assistant Secretary. She holds Certificates in Supervisory Management, Customer Relation, Credit Risk Assessment and Proceeds of Crime Act.

### 2. Juniffer Dixon-Gordon:

Mrs. Dixon-Gordon is a Sergeant of Police with twenty two (22) years of service in the Jamaica Constabulary Force and is currently assigned to the Personnel Division. She has been a member of the Public Sector Employees Co-operative Credit Union since 2001 and served as a member of the Supervisory Committee since 2009. She holds Certificates in Supervisory Management, Desktop Graphics, Proceeds of Crime Act, Credit Risk Assessment, Audit Techniques for Internal Auditors & Supervisory Committee.

### 3. Omar Drysdale:

Mr. Drysdale has been employed to the Jamaica Constabulary Force for the past fifteen (15) years and is currently stationed at the National Police College of Jamaica (NPCJ). Mr. Drysdale has been a member at the Public Sector Employees Co-operative Credit Union since 2008 and 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 eighteen (18) years of service in the Jamaica Constabulary Force and is attached to the Security and Intelligence Branch (SIB). She has been a member of the Public Sector Employees Co-operative Credit Union since 2007 and was a former employee. She has served on the Supervisory Committee

for over eight (8) years in capacities such as member and Secretary. 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 with over twenty (20) years of service in the Jamaica Constabulary Force and is attached to the Kingston Western Division. Mr. Rodriques has been a member of the Credit Union since 2003 and has served on the Supervisory Committee since October 2020. He holds a Bachelor of Science Degree in Business Administration with Major in Accounting and Financial Management from University College of the Caribbean.

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



Ms. Jeanette Davis  
Chairperson

# 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
12/01/2022	Junior Bennett
31/01/2022	Claude Walford
05/02/2022	Edgar Bailey
23/02/2022	Jacob Miller
10/03/2022	Osbourne Ximines
08/07/2022	Owen Leighton
14/04/2022	Melbourne Morgan
21/06/2022	Craig Morgan
17/12/2022	Errol Irving
23/12/2022	Herbert Gayle

