



## GCCU Vision

To become the Credit Union and Financial Partner of first choice for charter employees and their family members, as we grow steadily together.

## GCCU Mission

We are committed to assisting our members to meet their personal financial goals through the provision of superior Credit Union services delivered by great staff and volunteers, empowered with the right skills, necessary tools and shared vision.

We will offer personalized and friendly customer service, prudent financial advice and a safe and competitive opportunity for loans, savings and investments.





# 2023

ANNUAL REPORT

**Grace Co-operative Credit Union Limited**

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## FIVE YEARS STATISTICS

for Period 2019 to 2023

	2023	2022	2021	2020	2019
PERMANENT SHARES	6,109,366	5,725,924	2,249,000	2,231,000	2,186,000
VOLUNTARY SHARES	553,451,700	512,171,089	492,477,438	437,671,488	391,682,668
% Increase over prior year	8%	4%	13%	11.74%	5.11%
INSTITUTIONAL CAPITAL	85,881,381	80,152,183	75,838,902	72,794,407	69,982,452
% Increase over prior year	7%	6%	4%	4.02%	2.78%
LOANS TO MEMBERS (Gross)	912,732,940	765,629,827	676,058,498	630,794,756	619,025,762
% Increase over prior year	19%	13%	7%	1.90%	16.64%
TOTAL ASSETS	1,140,432,178	1,049,294,981	992,081,506	909,831,658	783,388,007
% Increase over prior year	9%	6%	9%	16.14%	4.37%
CURRENT ASSETS ****	184,325,959	205,498,787	264,716,714	228,820,264	113,610,927
CURRENT LIABILITIES ****	1,037,335,547	953,181,890	904,670,947	826,368,522	703,022,313

### INCOME AND SURPLUS

INCOME	102,474,404	91,216,963	80,524,116	79,217,416	74,348,200
% Increase over prior year	12%	13%	2%	6.55%	5.06%
EXPENSES	91,526,693	79,982,772	73,379,985	70,976,498	67,029,052
SURPLUS	9,973,065	9,112,713	8,194,461	6,991,014	7,036,759
% (Decrease)/Increase over prior year	9%	11%	17%	-0.65%	195.12%
UNDISTRIBUTED SURPLUS	9,669,591	8,864,041	7,997,214	7,133,286	6,937,799
RESERVES	80,886,280	75,091,732	70,732,951	67,667,456	64,810,501

### RATIOS

	2023	2022	2021	2020	2019
CURRENT ASSETS	0.18:1	0.22:1	0.29:1	0.28:1	0.16:1
SURPLUS TO INCOME	10%	10%	10%	8.83%	9.46%
EXPENSES TO INCOME	89%	88%	91%	89.60%	90.16%
INCOME TO TOTAL ASSETS	9%	9%	8%	8.71%	9.49%
SURPLUS TO TOTAL ASSETS	1%	1%	1%	0.77%	0.90%
UNDISTRIBUTED SURPLUS TO SHARE CAPITAL	1%	2%	1%	0.78%	0.89%
MEMBERSHIP	2464	2306	2259	2187	2180
BORROWERS	1240	1200	1163	1137	1167
BORROWERS TO MEMBERSHIP	50%	52%	51%	51.99%	53.53%



# Notice of Annual General Meeting

Dear Valued Members,

Notice is hereby given that the 55<sup>th</sup> Annual General Meeting of Grace Co-operative Credit Union Limited will be held on Tuesday, July 30, 2024, at 4:00 p.m. in the Lunchroom at 73 Harbour Street, Kingston to transact the ordinary business of society.

Members may attend in-person or virtually and are invited to register at <https://iteneri.com/gccu> prior to the meeting. Registration is now open and will close on Monday, July 29, 2024, at 11:59 p.m. The 2023 Annual Report, resolutions and registration link is available on our website at [www.gracecreditunion.com](http://www.gracecreditunion.com).

For more information you may email us at [gracecreditunion@gkco.com](mailto:gracecreditunion@gkco.com) or call our office at 876-932-3506-9.

Dated the 11<sup>th</sup> day of June 2024

**Mrs. Claudette Facey-Redwood,**  
*Secretary-Board of Directors*





## AGENDA

1. Ascertainment of a quorum
2. National Anthem
3. Notice convening Annual General Meeting
4. Prayer
5. Welcome and apologies for absence
6. Confirmation of Minutes of the 54<sup>th</sup> Annual General Meeting
7. Reports of:
  - a) Board of Directors
  - b)
    - i) Auditor & Treasurer
    - ii) Appropriation of Surplus
    - iii) Fixing of Maximum Liability for Loans and Deposits
  - c) Nomination of Auditors
  - d) Credit Committee
  - e) Supervisory Committee
8. Elections: See Report of Nominating Committee
  - a) Board of Directors
  - b) Credit Committee
  - c) Supervisory Committee
  - d) Delegates to the League's Annual General Meeting
9. Tribute to Retiring Volunteers
10. Any other Business
11. Gate Prizes
12. Adjournment



## MINUTES

**MINUTES OF THE 54<sup>th</sup> ANNUAL GENERAL MEETING OF GRACE CO-OPERATIVE CREDIT UNION LIMITED HELD ON WEDNESDAY, JUNE 14, 2023, IN THE LUNCHROOM AT 73 HARBOUR STREET, KINGSTON**

### **ASCERTAINMENT OF QUORUM, CALL TO ORDER**

Having ascertained a quorum was present, Chairman Samuel Shelton called the meeting to order at 4:10 p.m.

### **NATIONAL ANTHEM**

Erica Hayden led the meeting with the singing of the National Anthem.

### **NOTICE CONVENING ANNUAL GENERAL MEETING**

The Notice convening the Annual General Meeting was read by the Secretary, Claudette Facey Redwood

### **PRAYER**

Janielle Stewart led the meeting in the Prayer of St. Francis of Assisi.

### **WELCOME & APOLOGIES FOR ABSENCE**

**The moderator Suzette Pitter welcomed the persons at the head table and the specially invited guests.**

### **Specially invited guests:**

- |                         |  |
|-------------------------|--|
| <b>Howard Irons</b>     | - <b>Gilbert and Thompson Company (Auditors)</b>           |
| <b>Edison Brown</b>     | - <b>Department of Co-operative and Friendly Societies</b> |
| <b>Melanie Campbell</b> | - <b>Jamaica Co-operative and Friendly Societies</b>       |

Members present in the Multifunction Room and virtually were welcomed to the meeting of the Credit Union by President Shelton. Special welcome was extended to:

Members of the Board and Committee members

Retirees

First time members

Regular members

Apologies for absence was tendered for Mrs. Christian.

### **Housekeeping Matters**

- 1) There were two Resolutions to be passed. Instructions for voting were given to those members online.
- 2) Instructions on how to ask questions were given to those in the Multifunction Room and those online.
- 3) Those present were asked to put their mobile phones on vibrate.



## **MINUTES *cont'd***

The meeting was advised that there were 57 persons online.

### **CONFIRMATION OF THE MINUTES OF THE 53<sup>rd</sup> ANNUAL GENERAL MEETING AND MATTERS ARISING**

Secretary Claudette Facey Redwood carried the meeting through the confirmation of the Minutes of the 53<sup>rd</sup> Annual General Meeting held on June 29, 2022. It was taken as read on a motion by E. Christopher Bond and seconded by Marcia Wilson.

**The Motion was carried.**

On a motion proposed by Damion Lovelace and seconded by Andre Spencer, the Minutes was accepted as circulated.

**The Motion was carried.**

### **RESOLUTIONS**

Two Resolutions were brought to the meeting for discussion and voting. They were:

- 1) Qualification for Membership
- 2) Ending Nominations from the Floor

#### **RESOLUTION 1 - Qualification for Membership**

##### **PREAMBLE**

**WHEREAS** The Grace Co-operative Credit Union have assessed its long-term viability and recognized that the current membership is limited and excluded some employees of the Grace Kennedy Group from joining the society;

**WHEREAS** The Board of Directors of Grace Co-operative Credit Union have identified bond expansion as a strategic objective for future growth and development of the society;

**WHEREAS** Section 11 (1) of the Co-operatives Societies Act stipulates that the Registered Society may amend its rules.

**WHEREAS** Regulation 41 of the Co-operatives Societies Regulations stipulates that the Registered Society may amend its rules.

**WHEREAS** Article XXII, Rule 79 of the Credit Union's rules stipulates that the Registered Society may amend its rules.

**AND WHEREAS Article II, Rule 4, Article XII, Rule 63** are being proposed for amendments in the Rules of the Grace Co-operative Credit Union Limited

**BE IT RESOLVED THAT** the Annual General Meeting to be held on, June 14, 2023, will consider the amendment of various Articles of the **Grace Co-operative Credit Union Rules** and replacing them as outlined hereinafter: -

**BE IT RESOLVED that Article II, Rule 4 - which now reads:**

4. Membership in the Credit Union shall be limited to individuals who have attained Sixteen (16) years of age in the following categories:
  - a) All employees of GraceKennedy Limited, its subsidiaries, associated and managed companies, and their immediate families;





## MINUTES *cont'd*

- b) All employees of Grace Co-operative Credit Union Limited and their immediate families;
- c) All pensioners of GraceKennedy Limited, its subsidiaries, associates, managed companies, and their immediate families;
- d) All pensioners of Grace Co-operative Credit Union Limited and their immediate families;
- e) All former employees of GraceKennedy Limited or its subsidiaries ("the GraceKennedy Group") who separate from the GraceKennedy Group as at July 8, 2015, other than by reason of dismissal or other disciplinary action arising from theft, fraud or other dishonest conduct;
- f) Self-employed persons in the following categories:
  - i. Van Salesmen having contracts for services with GraceKennedy Limited and/or its subsidiaries; Truckers having current contracts for services with GraceKennedy Limited and/or its subsidiaries;
  - ii. Such other self-employed service providers to the GraceKennedy Group as the Board of the Credit Union may approve from time to time.
- g) Full-time employees who have been confirmed in permanent employment with the following registered companies that provide manpower and other services

to business units within GraceKennedy Limited and/or its subsidiaries on a contractual basis provided that upon termination or expiry of the contractual arrangement between the listed entities and the GraceKennedy Group no new members to the Credit Union will be permitted from among the employees of these contracted entities;

- i. TTech Limited;
- ii. Logistical Distribution Services Limited;

Such other registered entities that are contractual service providers to the GraceKennedy Group

"Employees" in relation to any entity within the GraceKennedy Group comprise permanent as well as temporary/fixed-termed employees who have completed a minimum of twelve (12) months' continuous service with GraceKennedy Limited, its subsidiaries, associates, or managed companies.

### BE AMENDED TO READ:

- 4. Membership in the Credit Union shall be limited to individuals who have attained sixteen (16) years of age in the following categories:
  - a) All employees of GraceKennedy Limited, its subsidiaries, associated and managed companies; and their immediate families;





## MINUTES *cont'd*

- b) All employees of Grace Co-operative Credit Union Limited; and their immediate families;
- c) All pensioners of GraceKennedy Limited, its subsidiaries, associates, managed companies; and their immediate families;
- d) All pensioners of Grace Co-operative Credit Union Limited;
- e) All former employees of GraceKennedy Limited or its subsidiaries ("the GraceKennedy Group") who separate from the GraceKennedy Group as at July 8, 2015, other than by reason of dismissal or other disciplinary action arising from theft, fraud or other dishonest conduct;
- f) Self-employed persons in the following categories:
  - i. Van Salesmen having contracts for services with GraceKennedy Limited and/or its subsidiaries; Truckers having current contracts for services with GraceKennedy Limited and/or its subsidiaries;
  - ii. Such other self-employed service providers to the GraceKennedy Group as the Board of the Credit Union may approve from time to time.
  - iii. Full-time employees who have been confirmed in permanent employment with the following registered companies.
    - a. TTech Limited;

- b. Logistical Distribution Services Limited;

- g) Such other registered entities that are contractual service providers to the GraceKennedy Group and the Credit Union.

## INTERPRETATION

"Employees" in relation to any entity within the GraceKennedy Group and its affiliates comprise permanent as well as temporary/fixed-termed employees.

## RESOLUTION 2 - Ending Nominations from the Floor

### PREAMBLE

**WHEREAS** the Registrar of Co-operatives and Friendly Societies has issued directives requiring all Credit Unions to implement rules pertaining to the role, functions and responsibilities of the Nominating Committee and the Nominating Process for election by the members to serve as Directors or Committee Members.

**AND WHEREAS** the Board of Directors have duly considered the directives of the Registrar of Co-operative Societies and Friendly Societies;

**AND WHEREAS** in compliance with the directives of the Registrar of Co-operative Societies and Friendly Societies, the Board of Directors is recommending the adoption of more extensive functions for the Nominating Committee, the implementation of a new machinery for the nomination and election of volunteers to serve on the Board and Committees;



## **MINUTES *cont'd***

**AND WHEREAS** Section 11 (1) of the Co-operatives Societies Act stipulates that the Registered Society may amend its rules.

**AND WHEREAS** Regulation 41 of the Co-operatives Societies Regulations stipulates that the Registered Society may amend its rules.

**AND WHEREAS** Article XXII, Rule 79 of the Credit Union's rules stipulates that the Registered Society may amend its rules.

**BE IT RESOLVED that Article XII, Rule 63 - ELECTION: which now reads:**

63 (i) Not less than thirty (30) days prior to each Annual General Meeting, the Board of Directors shall appoint a Nominating Committee of three (3) members, of which not more than one may be a member of the existing Board of Directors. It shall be the duty of the Nominating Committee to nominate at the Annual General Meeting one member for each vacancy for which elections are being held.

(ii) After the nominations of the Nominating Committee have been placed before the members, the returning Officer shall call for nominations from the floor. When the nominations are closed, tellers shall be appointed by the Returning Officer, ballots shall be distributed, the votes shall be taken and tallied by the tellers, and the results announced.

(iii) All elections shall be determined by a majority vote and shall be by ballot

except where there is only one nominee for each vacancy.

Nominations shall be in the following order:-

- i) nominations for members of the Board of Directors;
- ii) nominations for Credit Committee Members;
- iii) nominations for Supervisory Committee Members;
- iv) nominations for representatives to any Registered Society under Rule 56 (ii) d.

Elections may be by separate ballots following the same order as the nominations or if preferred, 28 maybe by one ballot.

**BE AMENDED TO READ:**

### **ARTICLE XII, RULE 63 - NOMINATING COMMITTEE, NOMINATION PROCESS AND ELECTIONS**

#### **63. (i) Nominating Committee**

A Nominating Committee shall be appointed by the Board of Directors and shall consist of at least three (3) members, one of whom will be a Board Member who shall be the Chairman of the Committee.

#### **(ii) Nomination Process**



## **MINUTES *cont'd***

- (a) Not less than one hundred and twenty days (120) days prior to the Annual General Meeting (AGM) the Nominating Committee shall meet to consider the following:
  - i. The vacancies that will arise at the AGM on the Board of Directors, the Credit Committee and the Supervisory Committee;
  - ii. A preliminary list of positions to be made to fill such vacancies;
  - iii. All other matters and procedures related to the filling of such vacancies.
- (b) Not less than ninety (90) days prior to the AGM the Nominating Committee shall in writing:
  - i. notify the membership of the vacancies for the Board, Credit and Supervisory Committees;
  - ii. invite nominations from the membership to be made for each vacancy by petition in the prescribed form signed by at least five (5) members each of whom shall be a member in good standing with the Society;
  - iii. notify the membership of the closing date for receiving nominations by petition.
- (c) In all cases, the period for receiving nominations by petition shall extend at least forty (40) days from the date of written notification by the Nominating Committee.
- (d) The written notice from the Nominating Committee to the membership shall indicate that there shall be no nominations from the floor.
- (e) The written notice from the Nominating Committee to the membership shall also be prominently displayed at the place, and if more than one, the places of business of the Credit Union or on the Society's website.
- (f) Upon consideration of all nominations made and received by petition, the Nominating Committee shall review and recommend at least one (1) member for each vacancy.
- (g) The Nominating Committee shall report its recommended nominations to the Secretary of the Credit Union at least forty (40) days before the AGM.
- (h) Each nominee by petition shall submit to the Nominating Committee:
  - (i) the petition duly completed with the signatures of three (3) members in good standing with the Society and signed by the nominee stating that he/she is agreeable to the nomination and will serve if elected to office.
  - (ii) a brief statement of qualifications and experience in a form approved by the Board of Directors;





## MINUTES *cont'd*

- (iii) a completed Fit and Proper Questionnaire in a form determined by the Board of Directors.
- (i) The Nominating Committee shall have the authority to include candidates not nominated by members' petition among those to be considered by the Committee, and of its own accord submit by way of petition in like manner, suitable candidates to fill the vacancies on the various Committees.
- (j) Members of the Nominating Committee shall not be eligible for nominations.
- (k) The Nominating Committee shall act in accordance with the Rules and Policies of the Credit Union in its selection of each nominee.
- (l) A member seeking nomination to hold office shall be disqualified if that member:
  - (i) fails to satisfy the Nominating Committee that he is a fit and proper person to accept the responsibilities and perform governance functions of the Credit Union;
  - (ii) is delinquent in their loan or other obligations with the Society at the date of the petition and up to the date of election;
  - (iii) has a dormant or inactive account for six (6) months and over;
  - (iv) has been a member of the Credit Union less than six (6) months before the date of the petition, save where the member is an active member for more than six (6) months in another co-operative society in Jamaica;
- (v) whose membership in any other co-operative society at the time of the Nominating Committee's deliberations has been judged delinquent;
- (vi) is not ordinarily resident in the Island.
- (m) The Nominating Committee will no later than thirty (30) days prior to the AGM notify the members in writing of the nominations recommended by them. The notice shall also be posted in a conspicuous place in the Credit Union or on the Society's website.
- (n) After the Nominating Committee has notified the members of its recommended nominees the nominees shall be presented and placed before the members at the AGM by the Nominating Committee to be considered by the members present.
- (o) Where a volunteer's term has not expired and he is seeking nomination/election to a committee other than the committee he currently serves on, he should tender his resignation from that committee and the process of nomination engaged to nominate a candidate for the vacancy created.



## **MINUTES *cont'd***

### **(iii) Elections**

- (a) Elections shall be in the following order:
    - (i) Elections for members of the Board of Directors;
    - (ii) Elections for members of the Credit Committee;
    - (iii) Elections for members of the Supervisory Committee;
    - (iv) Delegates and Alternate Delegates to the League or any affiliated organizations as determined by the Board of Directors.
  - (b) After the nominees of the Nominating Committee have been placed before the members, a Returning Officer shall be appointed by the Chairman and will preside over the elections at the AGM.
  - (c) If the nominees equal the No. of vacancies, the nominees shall be declared elected by general consent or acclamation of the membership at the AGM.
  - (d) In the event there are more nominations recommended by the Nominating Committee than the No. of vacancies available, there shall be voting by ballot. The Returning Officer shall be responsible for appointing tellers, distributing ballot, conducting and tallying the vote, any other action to ensure a valid, efficient and smooth election and thereafter announcing the results.
  - (e) In the event a vacancy arises between the close of nomination and the Annual General Meeting, or if there are insufficient nominees to fill all vacancies the Board of Directors shall appoint a member to fill such vacancy until the next Annual General Meeting in accordance with the Rules of the Credit Union.
- E. Christopher Bond asked for an explanation of the resolutions to be voted on, since the resolutions were not read in its entirety. General Manager Makeda Scott advised that the Registrar permitted the reading of a preamble in the meeting since the resolutions were circulated prior to the AGM and were lengthy to read in its entirety. She however explained to the members that the first resolution to amend qualification for membership changed the restriction whereby GraceKennedy employees on a contract for less than one year of continuous employment were not able to join. This rule change she explained would allow for all GraceKennedy employees to become members. The second rule change to stop taking nominations from the floor, she indicated that the rule change would allow the Nominating Committee to carry out the necessary due diligence on candidates nominated to serve on the Committees.
- On a motion by Jerry Hamilton and seconded by Tishan Riley the Resolutions were accepted.

### **The motion was carried.**

Edison Brown from the Department of Co-operative & Friendly Societies conducted the poll on the Resolutions, online and in-person. The results were as follows:



## **MINUTES *cont'd***

### **Results of the Voting on Resolution 1 - Qualification for Membership**

There were **119** persons present at the time of voting:

	(In-person)	<b>59</b>	(Online)	<b>60</b>
No. of members Voted for:	(In-person votes)	<b>56</b>	(Virtual votes)	<b>40</b>
No. of members Against:	(In-person votes)	<b>0</b>	(Virtual votes)	<b>0</b>
No. of members Abstained:	(In-person votes)	<b>3</b>	(Virtual votes)	<b>20</b>

**Motion 1 is carried.**

### **Results of the Voting on Resolution 2 - Ending Nominations from the Floor**

There were **118** persons present at the time of voting:

	(In-person)	<b>54</b>	(Online)	<b>64</b>
No. of members Voted for:	(In-person votes)	<b>53</b>	(Virtual votes)	<b>43</b>
No. of members Against:	(In-person votes)	<b>0</b>	(Virtual votes)	<b>0</b>
No. of members Abstained:	(In-person votes)	<b>1</b>	(Virtual votes)	<b>21</b>

**Motion 2 is carried.**

### **Prizes**

Prizes were awarded to:

- 1) Kristen Clarke
- 2) Winsome Anderson





## **MINUTES *cont'd***

### **REPORTS**

#### **a) Report of the Board of Directors**

The Report of the Board of Directors for the year 2021 was read by the President, Samuel Shelton.

#### ***Highlights of the Report:***

In his opening, President Samuel advised the meeting that the Credit Union was the winner of the award for **Best Credit Union in the small category**.

The President reported, that despite the challenges emanating from the pandemic, the Credit Union performed much better in 2022 than in the prior year. The year ended with a surplus of \$9.11M, which was 11% above the \$8.19M achieved in 2021.

During the year, the Board of Directors and Management continued to focus on the following areas:

- Strengthening our capital structure
- Assessing and strengthening our controls, processes, and operational efficiencies.
- Improving our product offerings to our members.
- Continued preparation for the pending BOJ regulations of credit unions.

#### **Savings Deposits**

At the end of December 2022, members' savings increased by 13%, compared to 8% in 2021, moving from \$375M to \$404M. In comparison, the Credit Union movement's annual savings growth rate was 7.62% in 2022.

With the economy gradually reopening after a year of severe curtailment, and businesses now doing better, members felt more comfortable in saving more of their income. Additionally, members had a strong culture of saving, which enabled the Credit Union to finance loan demands from those funds.

#### **Loans and Total Assets**

Although the financial performance of 2022 showed improvement over 2021, growing the loans portfolio continued to be challenging with the continuation of the pandemic. Many members remained cautious about borrowing as there was still a high level of uncertainty in the economic environment. Unlike 2021 when loans growth was 2%, the outcome improved to 7% in 2022. The performance of the Credit Union movement showed a similar trend, with average loans growth of 6.1% in 2022, compared to 3.6% in 2021.

The Total Assets portfolio increased by 6%, moving from \$992M in 2021 to \$1,049M at the end of December 2022.

#### **Delinquency**

The Credit Union continued to maintain its excellent delinquency management record, ending the year with a delinquency ratio of 0.66%. The delinquency ratio remained below the targeted 1% throughout the year.

#### **Liquidity**

A strong liquidity was maintained throughout the year. On December 31, 2022, the ratio was 25%. That performance was influenced by steady growth in savings, which at times outpaced the loans growth. For many years, members had maintained a robust savings culture even if they were not borrowers.



## MINUTES *cont'd*

### Membership

At the end of 2022, membership stood at 2,306, moving from 2,259 at the end of 2021.

### Cooperative Social Responsibility

The tradition of providing grants to children of members of the Credit Union continued in 2022. Thirteen students received bursaries, broken down as follows:

- 8 who had completed at PEP examinations
- 3 at Secondary level
- 2 at tertiary level

### Election of Officers

At the statutory meeting held following the elections at last year's Annual General Meeting, the following officers were elected:

#### Board of Directors

Samuel Shelton	- President
Damian Lovelace	- 1 <sup>st</sup> Vice President

Terry-Ann Graver	- 2 <sup>nd</sup> Vice President
Wayne Smith	- Treasurer
Maria Lewis	- Assistant Treasurer
Claudette Facey-Redwood	- Secretary
Gerron Thomas	- Assistant Secretary
Simon Roberts	- Director
Stanley Beckford	- Director

#### Supervisory Committee

Andre Spencer	- Chairman
Donovan Stephenson	- Secretary
Robert Arthurs	
Leighton Grant	
Kerline Redwood	

#### Credit Committee

Amia Brown	- Chairman
Fellechia Francis	- Secretary
Hortense Gregory-Nelson	
Natalie Billings	
Judy-Ann Wright	

### Attendance of Directors at Board Meetings

Seven meetings were held with the Board, attended each quarter by members of the Credit and Supervisory committees. Below is the record of attendance for Board members.

DIRECTORS	Max # possible	# at which present	# at which excused
Samuel Shelton	7	6	1
Damian Lovelace	4	4	0
Terry-Ann Graver	4	3	1
Wayne Smith	4	4	0
Maria Lewis	4	4	0
Claudette Facey-Redwood	7	6	1
Gerron Thomas	4	4	0
Simon Roberts	7	6	1
Stanley Beckford	7	4	3



## **MINUTES *cont'd***

### **Human Resources and Training**

Training continued to be an integral part of the Credit Union's focus. In 2022, all staff and volunteers participated in POCA training. Staff were also involved in the following training courses: Customer Service, IT Security, Teller, and Stress Testing.

At the end of the year, we bade farewell to Martina Martin, Accounting Clerk. Martina was thanked for the role she played in serving the members.

### **Member Satisfaction Survey 2022**

During the year a Member Satisfaction survey was conducted. That survey sought to gather information on how satisfied the members were with the products and services offered and to determine areas which improvement so that the Credit Union remained the financial institution of choice. The overall feedback was positive and revealed the following:

- 99.3% of members expressed overall satisfaction with the services offered by the Credit Union. 70% indicated a likelihood to recommend persons to join, of that No. 98% recommended their friends, family or colleagues to become members. Members indicated that it was easy to do business with the Credit Union and that the staff were courteous and offered good customer service. Top products utilized by members are loans, savings, Golden Harvest and Family Indemnity Plan.
- Areas for improvement included digitization of the loan application process, online banking, simplification of account statements, reduced call waiting time and condensed application forms for loans. Members also indicated the need for improvements to the

infrastructure to offer more privacy. Actions to implement the recommended changes would encourage members to conduct more business with the Credit Union, improve the overall levels of satisfaction and net promoter score.

- The survey also revealed that the Credit Union could increase its membership by making it easier to apply for membership and offering online banking; more attractive interest rates on savings and loans and offering mortgages/home equity loans.

Based on the excellent response and the feedback received, the Board of Directors and the Management of the Credit Union will actively pursue strategic initiatives aimed at addressing the concerns and suggestions made by our valued members.

### **Obituaries**

Tribute was paid to the following members who passed on during the year:

- Samuel Barrett
- Calbert Haye
- Esric Halsall
- Therese Jarrett
- Neresa Burton
- James Cooper
- Shannon Briscoe
- Margaret Manning
- Uriel Robinson

Condolences were extended to the family members.





## **MINUTES *cont'd***

### **Future Plans**

With the end of the COVID19 pandemic and the ongoing war in Ukraine, the Credit Union, like other organizations, will continue to seek opportunities that will strengthen operations through technological improvements, and enhance service offerings. The Board's commitment is to continue to assist members to achieve their personal financial goals by providing efficient and quality service, reinforced by improved processes and controls.

The impending supervision of Credit Unions by the Bank of Jamaica will remain an area of focus for the Board of Directors, Management, staff, and other volunteers of the Credit Union.

### **Acknowledgements**

In closing, the President acknowledged the commitment and support of the Board of Directors and other volunteers for providing oversight of the Credit Union.

Appreciation was also extended to the following persons and institutions who had contributed to the Credit Union's success:

- The Chairman and Directors of GraceKennedy Ltd., its subsidiaries and associated companies.
- Members of the various committees.
- Directors and staff of the Jamaica Co-operative Credit Union League.
- The Department of Co-operatives and Friendly Societies.
- CUNA Caribbean Insurance (Jamaica) Ltd.
- CUMAX Wealth Management Ltd.

- Our Auditors, Gilbert Thompson & Co.
- Our contact persons and ambassadors at the various offices where our members are employed.
- Our hardworking Credit Union Manager and staff.
- And to you, our valued members for your continued support throughout the years.

The Report of the Board was adopted on a motion by Terry-Ann Graver and seconded by Hortense Gregory Nelson.

### **The Motion was carried.**

### **b) (i) Auditor and Treasurer's Reports**

#### Auditor's Report

On a motion by Samuel Shelton and seconded by E. Christopher Bond, the meeting agreed to take an abridged version of the Auditor's Report.

The Auditor's Report was read by Howard Irons of Gilbert Thompson & Company.

The Auditor's Report was accepted on a motion by Claudette Facey Redwood and seconded by E. Christopher Bond.

#### Treasurer's Report

The Treasurer's Report was presented by Maria Lewis.

The Treasurer's Report was taken as read on a motion by Terry-Ann Graver and seconded by Gerron Thomas.



## **MINUTES *cont'd***

### ***Highlights of the Report:***

The Credit Union received \$73.2M in interest on loans and advances to members; \$9.8M in investment income, and \$8.2M in non-interest income which represented commission and service charge. The total interest income of \$83.0M represented an increase of \$9.6M or 13.1% over the prior year (73.4M).

Total assets were \$1.049B at the year ended 2022, an increase of \$57M or 5.8% over prior year (\$992M). Loans to members less repayment and transfers, and allowance for impairment losses increased by \$90M or 13.2% over prior year, from \$676M in 2021 to \$766M in 2022. Liquid assets moved from \$260M in 2021 to \$195M in 2022, a decrease of \$65M or 25%.

The Treasurer continued to report that the team showed their commitment to providing financial solutions that had positively impacted the quality of living of the members. That resulted in a surplus of \$9.1M; an increase of \$90M in loans over the prior year, and an increased in total assets by \$57M. The team continued to be dynamic, making the changes necessary to meet the needs of the members resulting in growth for the members.

Appreciation was extended to the hard-working management and staff of the Credit Union for their efforts and dedication during the year and a special thanks to Makeda Scott for her leadership role. The efforts and support of the members of the Board were acknowledged.

Finally, each member of the Credit Union was thanked for making Grace Co-op, the Credit Union of their choice.

The Reports of the Auditor and Treasurer were

adopted on a motion by Marsha Cope Riley and seconded by Tishan Riley.

### **The Motion was carried.**

#### **(ii) Appropriation of Surplus**

The meeting was reminded that the surplus of the Credit Union was for the members, and the meeting had to agree on how that surplus would be distributed.

Surplus as at December 31, 2022, was \$9.1 million. After the 20% Statutory Reserve, the amount available for distribution was \$7.29 million. However, after deducting Additional Statutory Reserve of 40%, Dividend on Permanent Shares, Additional Interest and Donations, the Undistributed Surplus was \$1.68 million.

Motion for the adoption of the Declaration of Surplus was proposed by Samuel Shelton and seconded by Terry-Ann Graver.

### **The Motion was carried.**

#### **(iii) Fixing of Maximum Liability for Loans and Deposits**

The meeting was informed that the Maximum Liability for Loans and Deposits is the limit which can be expended and invested on behalf of the Credit Union.

The motion for the maximum liability of the Credit Union to not exceed 12 times the Credit Union's capital and reserve was proposed by Maria Lewis and seconded by Melisha Walters Gordon.



## **MINUTES *cont'd***

**The Motion was carried.**

### **c) Nomination of Auditors**

It was recommended by the Board of Directors that the Auditors for the new year remain at Gilbert Thompson & Co. That was accepted on a motion by Maria Lewis. and seconded by Marsha Cope-Riley.

**The Motion was carried.**

### **Prizes**

Prizes were awarded to:

- 1) Marcia Wilson
- 2) Delton Mckenzie
- 3) Kevin Miles
- 4) Andrew Coulton
- 5) Veronica Williams
- 6) Richard Riley
- 7) Dwayne Ferguson

The meeting was at that point entertained by performer, Jermaine Gordon.

### **d) Credit Committee Report**

On a motion by Maria Lewis and seconded by Andre Spencer the Report of the Credit Committee was taken as read.

The Report was presented by Hortense Gregory.

### ***Highlights of the Credit Committee Report:***

Performance in 2022 showed growth year over year in value of loans disbursed. The total value of loans disbursed in 2022 was \$388.98 for the same period last year, the value of loans disbursed was \$314.73m.

Credit Union disbursed 1500 new loans in 2022 which represented 101 additional new loans or an increase of 7.22% disbursed over the same period in the previous year.

For the first six months in 2022, the value of loans disbursed increased by \$55.28m or 44.15% in comparison to the first six months in 2021. The period July to December 2022, also increased by 10.42% with \$19.67m disbursed in contrast to the same period in financial year 2021. November 2022 had the highest disbursement of \$47.69m whilst January 2022 had the lowest disbursement of \$15.04m. The 'Deals on Wheels' promotion positively impacted the demand for new car loans and the confidence of the economy returning to normalcy encouraged members to take on additional loans for Home Improvement & Repairs and Debt Consolidations. The Wheels Express loans, Rescue loans, Back to School and Vacation loans promotions also contributed to the strong performance of the Credit Union.

The overall performance of the loans portfolio for 2022 showed improvement year over year in the value of the loans disbursed. The top performers were Motor Vehicle loans and Personal Needs loans, Debt Consolidation and Home Improvement & Repairs loans.





## **MINUTES *cont'd***

The major contributors to the Credit Union loan portfolio in 2022 were:

- a) Motor Vehicle loans dominated the categories with \$170.79m, showing an increase of \$23.31m or 15.81% year over year.
- b) Home Improvement & Repairs increased significantly by 117.50% from \$19.63m in 2021 to \$42.70m in 2022.
- c) Debt Consolidation increased year over year with \$39.91m disbursed in 2022 compared to \$29.70m in 2021.
- d) Education Expenses, up 102.13% moving from \$9.93m in 2021 to \$20.06m in 2022.
- e) Vacation and Travel loans increased significantly by 303.54% from \$1.82m in 2021 to \$7.34m in 2022.
- f) Special Vacation loan (Summer) growing 81.93% from \$2.68m in 2021 to \$4.83m in 2022.
- g) Furniture & Appliances declined year over year with \$2.18m disbursed in 2022 compared to \$7.50m in 2021.

Whilst Motor Vehicle and personal needs loans continue to be the top performers, the Credit Union needed to continuously monitor the loan portfolio and adjust the rates and product offerings to ensure continued viability in supporting the other needs of members.

It was noted that the Credit Union must continue to find creative ways to secure its income by attracting

more loans and investment from members despite competition from other related entities and the impact of the Covid-19 pandemic.

The Credit Union should continue to employ the following initiatives in an effort secure business:

- a) Constant monitoring of the competitive environment to ensure that we keep up to date of market conditions
- b) Creating and reviewing products to ensure relevance to members' needs and making changes to address those needs.
- c) Ongoing member education and recruitment program
- d) Using email and Cyber village to showcase products
- e) Capturing information on system accurately, that is, loan purpose
- f) Being proactive in discussing financial options and solutions with members

The Board of Directors, the Management and Staff of the Credit Union and other Committee members were thanked for their support during the financial year 2022. A special thank you was extended to the members for their support during the year.

On a motion by Naomi Holness and seconded by Marsha Cope Riley, the Report of the Credit Committee as adopted as read.

**The Motion was carried.**



## **MINUTES *cont'd***

### **e) Supervisory Committee Report**

On a motion by **Samuel Shelton** and seconded by Maria Lewis the Supervisory Report was taken as read.

#### **The motion was carried.**

The Report of the Supervisory Committee was presented by Andre Spencer.

#### ***Highlights of the Report are:***

The Supervisory Committee was responsible for providing oversight of the internal audit function as performed by the Centralized Strategic Services Limited (CSSL) a member of the Jamaica Co-operative Credit Union League (JCCUL) and reviewing the effectiveness of internal controls and risk management practices. The Committee was accountable to the Board of Directors to provide reasonable assurance that risks were being adequately managed. Additionally, the Committee provided oversight as it related to the Credit Union's vulnerabilities within regulatory constraints and mode of operation.

The Audit Plan and schedule for 2022-2023 were conducted by CSSL and the Supervisory Committee, focusing on the following areas:

1. Deceased and Dormant Accounts
2. IT General Controls
3. Review of Bank Reconciliation
4. Loan Processing

### **5. Risk Management Program**

### **6. Anti-Money Laundering (AML)/ Counter Financing of Terrorism (CFT)**

Additionally, the Committee continues to provide oversight for loan applications by the Union's members made on an ongoing basis. We found in our oversight role the relevant controls for processing to be satisfactory.

The Supervisory Committee report also indicated that audit findings generated from various reviews were being addressed by management and tracked periodically by the Committee to verify that the findings were implemented in a timely manner. Management submitted a Monthly Management Update (MMU) report using Teammate Plus to the GraceKennedy Audit Committee through its Group Internal Audit Department.

Resulting from the review, particularly the Information Technology (IT) general controls review, conducted by CSSL, the Credit Union instituted an IT sub-committee to provide oversight and guidance to the Credit Union regarding IT Governance and related general information systems controls. The Supervisory Committee is of the view that with GCCU's impending implementation of the Jamaica's Data Protection Act (DPA) that sub-Committee's oversight role would be timely and relevant to this end.

The Committee members will continue to execute responsibilities as best as possible. We were satisfied that the Credit Union had established practices and procedures sufficient to safeguard the members' assets and abide by the laws and regulations that govern the Credit Union's operation.



## **MINUTES *cont'd***

We are grateful for the support provided by the Board of Directors, Credit Committee, Management Team, and the courtesies extended by members of staff of the Credit Union during the year in enabling us to perform our tasks.

In light of the digital transformation required for institutions and organizations to gain a competitive advantage and remain viable, in the short to medium term the committee anticipate that GCCU will be onboarding and adopting more digital products and solutions to enhance the service delivered to its most valued customers.

In closing Chairman Andre thanked the members of the Committee for serving in their respective capacities during the year.

Chairman Andre extended congratulations to the Credit Union team on winning the award.

The Supervisory Committee's Report was adopted on a motion by Wayne Ferguson and seconded by Tishan Riley.

**The Motion was carried.**

### **ELECTION OF OFFICERS**

Camille Cadogan presented the report of the Nominating Committee.

Edison Brown of the Department of Co-operatives & Friendly Societies conducted the election of Officers.

On a motion by Jerry Hamilton and seconded by Naomi Holness, the nominations presented by the Nominating Committee were accepted.

**The motion was carried.**

The meeting was reminded of the rules of the voting process.

The results of the elections were as follows:

#### Board of Directors

There being no other nominations, Melisha Gordon, Samuel Shelton, Stanley Beckford and Maria Lewis were elected to the Board to serve for a two-year term and Marsha Cope Riley serving a one-year term. They join Claudette Facey Redwood, Damian Lovelace, Simon Roberts, Geron Thomas and Wayne Smith who had one-year unexpired term.

On a motion by Richard Riley and seconded by Naomi Holness the elected nominees were accepted to serve on the Board of Directors.

#### Credit Committee

There being no other nominations, Hortense Gregory Nelson, Felleshia Francis and Judy-Ann Wright were elected to serve for two years. They joined Natalie Billings and Amia Brown who had a one-year unexpired term.

On a motion by Monique McLean and seconded by Marcia Wilson, the elected nominees were accepted to serve on the Credit Committee.

#### Supervisory Committee

There being no other nominations, Kerline Redwood, Donovan Stephenson, Andre Spencer, Robert Arthurs and Leighton Grant were elected to serve for one year.





## **MINUTES *cont'd***

On a motion by Marsha Cope Riley and seconded by Fitzroy Blake the elected nominees were accepted to serve on the Supervisory Committee.

Mr. Brown reminded the elected Board and Committee members that a meeting should be convened within 10 days of the Annual General Meeting to select Delegates, Officers, Chairmen and Secretary. Names and contact information of those Officers should be communicated to the League, Bank of Jamaica, and the Department of Co-operatives and Friendly Societies.

Delegates to the League and other Societies would be determined by the Board and the General Manager.

### **INTRODUCTION OF THE CREDIT UNION TEAM**

At that time the members of the Credit Union team were introduced to the meeting. They were:

- Makeda Scott
- Camille Cadogan
- Alicia Williams
- Chantal Hall
- Monique McLean
- Janielle Stewart
- Romario Brown

### **TRIBUTE TO RETIRING VOLUNTEERS**

Mrs. Claudette Facey-Redwood presented tokens to the following retired Board of Directors:

- 1) Simon Roberts - Accepted by Mr. Samuel Shelton on Mr. Robert's behalf.
- 2) Terry-Ann Graver

### **Prizes**

Prizes were awarded to:

- 1) Storm Daley
- 2) Melanie Campbell (special guest)
- 3) Odian Stewart
- 4) Tashane Howell
- 5) Nadia McKoy

### **ANY OTHER BUSINESS**

**The Treasurer, Ms. Maria Lewis indicated that dividends of 2.3% on Voluntary Shares and 10% on Permanent Shares were declared to be paid out to all members.**

### **ADJOURNMENT**

The meeting adjourned at 6:44 p.m.



## REPORT OF THE BOARD OF DIRECTORS

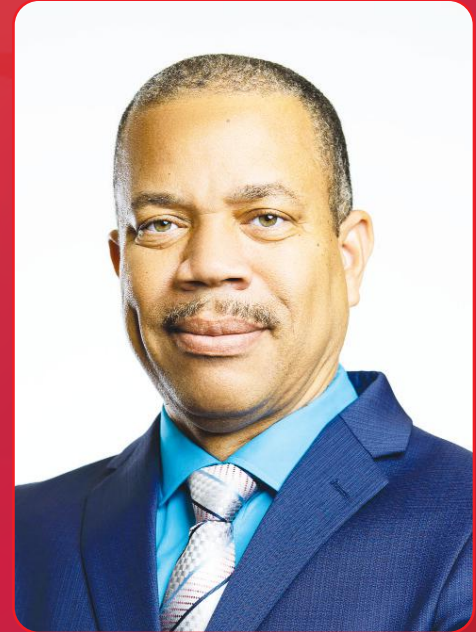
For Year Ended 31<sup>st</sup> December 2023

### OVERVIEW

Finally seeing the back of COVID-19, 2023 was the year of change for the Grace Cooperative Credit Union. Trying to rebuild from all the difficulties of the pandemic and to place the cooperative on solid footing, the Board of Directors and the Management of GCCU continued to focus on building on the learning and gains of the previous year, in spite of the new and old challenges. The year 2023 saw the continued negative effects on the world's economy from the continued war between European neighbours, Russia and Ukraine. Unfortunately, two additional world neighbours started a war with each other, with the Palestinian incursion into Israel on October 7, 2023. These two wars have significantly impacted trade, the movement of goods and the delivery of services worldwide.

At the start of 2023, the global economic growth forecast was projected to slow from 3.5 percent in 2022 to 3.0 percent in 2023. This is well below the historical average of 3.8 percent from 2000 to 2019. On the positive side, global inflation was expected to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023, aided by the expected tighter monetary policy by the Central Bank and lower international commodity prices.

The response of many central banks to high inflation has been the hiking of interest rates, a policy which has persisted and will likely remain for the short to medium term. Fortunately, the World and Jamaican economies continued their rebound from the negative effects of the COVID pandemic even more in 2023. With the renewed focus on the economy, our members appetite for borrowing continued to show significant improvements. Hence, the performance of the credit union in the second half of the year was much better than the first half.



During the year, we skilfully navigated the uncertain economic climate with a relatively new Board of Directors, due to the required changes of the prior year. Despite the challenges emanating from the difficult economic climate however, our credit union performed much better in 2023 than in the prior year. We ended the year with a surplus of \$9.97M, which was 10% above the \$9.11M achieved in 2022.

During the year, the Board of Directors and Management continued to focus on the following areas:

- Strengthening our capital structure
- Assessing and strengthening our controls, processes, and operational efficiencies.
- Improving our product offerings to our members.
- Continued preparation for the pending BOJ regulations of credit unions.

**REPORT OF THE BOARD OF DIRECTORS *cont'd*****FINANCIAL PERFORMANCE HIGHLIGHTS**

	<b>2023 J\$000</b>	<b>2022 J\$000</b>	<b>GCCU Annual Growth</b>	<b>Average Movement Growth</b>
Permanent Shares	6,109	5,726	70%	
Voluntary Shares	553,452	512,171	80%	
Saving Deposits	443,918	404,349	10%	11.49%
Gross Loans	912,733	765,630	20%	12.18%
Total Assets	1,109,571	1,049,295	6%	9.36%
Surplus	9,973	9,113	10%	

**SAVINGS DEPOSITS**

At the end of December 2023, members' savings increased by 10%, compared to 13% in 2022, moving from \$404M to \$443M. In comparison, the credit union movement's annual savings growth rate was 11.49% in 2023.

With the economy gradually reopening after a year of severe curtailment, and businesses now doing better, members felt more comfortable in saving more of their income. Traditionally, our members also have a strong culture of saving, which enables our credit union to exclusively finance our loan demand from these funds.

**LOANS and TOTAL ASSETS**

Although the financial performance of 2023 showed improvement over 2022, growing the loans portfolio continued to be challenging with the continuation of the pandemic. Many members remained cautious about borrowing as there was still a high level of uncertainty in the economic environment. Unlike 2022 when loans growth was 13% for our credit union, the outcome improved to 20% in 2023. The

performance of the credit union movement showed a similar trend, with average loans growth of 12.18% in 2023, compared to 8.5% in 2022.

The Total Assets Portfolio increased by 6%, moving from \$1,049M in 2022 to \$1,109M at the end of December 2023.

**DELINQUENCY**

Our Credit Union continued to maintain its excellent delinquency management record, ending the year with a delinquency ratio of 0.61%. The delinquency ratio remained below the targeted 1% throughout the year.

**LIQUIDITY**

Our credit union maintained strong liquidity throughout the year. At December 31, 2023, the ratio was 18%. This performance was influenced by steady growth in savings, which at times outpaced the loans growth. For many years, GCCU members have maintained a robust savings culture even if they are not borrowers.





## REPORT OF THE BOARD OF DIRECTORS *cont'd*

### MEMBERSHIP

At the end of 2023, our membership stood at 2,464, moving from 2,306 at the end of 2022.

### CORPORATE SOCIAL RESPONSIBILITY

In 2023, our Credit Union continued the tradition of providing grants to children of members of our Credit Union. Thirteen students received bursaries, broken down as follows: 6 who have just completed the PEP examinations, 5 at the Secondary level and 2 at the tertiary level.

### ELECTION OF OFFICERS

At the statutory meeting held following the elections at last year's Annual General Meeting, the following officers were elected:

#### *Board of Directors*

Samuel Shelton - President

Damian Lovelace - 1<sup>st</sup> Vice President  
 Marsha Cope-Riley - 2<sup>nd</sup> Vice President  
 Wayne Smith - Treasurer  
 Maria Lewis - Assistant Treasurer  
 Claudette Facey-Redwood - Secretary  
 Gerron Thomas - Assistant Secretary  
 Stanley Beckford - Director  
 Melisha Walters Gordon - Director

#### *Supervisory Committee*

Andre Spencer - Chairperson  
 Donovan Stephenson - Secretary  
 Robert Arthurs  
 Leighton Grant  
 Kerline Redwood

#### *Credit Committee*

Hortense Gregory-Nelson - Chairman  
 Natalie Billings - Secretary  
 Amia Brown  
 Felleshia Francis  
 Judy-Ann Wright

### ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Seven meetings were held with the Board, joined each quarter by members of the Credit and Supervisory committees. Below is the record of attendance for Board members.

DIRECTORS	Max # possible	# at which present	# at which excused
Samuel Shelton	7	7	0
Damian Lovelace	7	6	1
Marsha Cope-Riley	4	4	0
Wayne Smith	7	5	2
Maria Lewis	7	7	0
Claudette Facey-Redwood	7	7	0
Gerron Thomas	7	6	1
Stanley Beckford	7	7	0
Melisha Walters Gordon	4	3	1



## **REPORT OF THE BOARD OF DIRECTORS *cont'd***

### **HUMAN RESOURCES AND TRAINING**

Training also continued to be an integral part of our credit union's focus. In 2023, all staff and volunteers participated in POCA training. Staff were also involved in the following training courses: Customer Service, IT Security, Data Protection, and Earthquake Bomb Threat.

At the end of the year, we bade farewell to Monique McLean, Loans Officer. We thank her for the role he played in serving our members. We acknowledge new staff members employed in the year: Romario Brown, Accounting Clerk and Brittany Williams, Risk and Compliance Officer.

### **OBITUARIES**

We would like to take the opportunity to pay tribute to the following members who passed on during the year:

- Shona Mullings
- Martha Catnott
- Raymond Ingram
- Jasmine Farmer
- Paul Meghie

We wish to extend our condolences to their family members.

### **FUTURE PLANS**

With the end of the COVID-19 pandemic and the ongoing war in Ukraine, and now Palestine, our credit union, like other organizations, will continue to seek opportunities that will strengthen our operations through technological improvements, and enhance our service offerings. Our commitment is to continue to assist our members to achieve their personal financial goals by providing efficient and quality service, reinforced by improved processes and controls.

The impending full supervision of credit unions by the Bank of Jamaica will remain an area of focus for the Board of Directors, Management, staff, and other volunteers of our Credit Union.

### **ACKNOWLEDGEMENTS**

As I close, let me take this opportunity to acknowledge the commitment and continued support of my fellow Directors and other volunteers for providing oversight of our Credit Union during this challenging year.

Appreciation must also be extended to the following persons and institutions who have contributed to our success:

- The Chairman and Directors of GraceKennedy Ltd, its subsidiaries and associated companies.
- Members of the various committees.
- Directors and staff of the Jamaica Co-operative Credit Union League.



## **REPORT OF THE BOARD OF DIRECTORS *cont'd***

- The Department of Co-operatives and Friendly Societies.
- CUNA Caribbean Insurance (Jamaica) Ltd.
- CUMAX Wealth Management Ltd.
- Our Auditors, Gilbert Thompson & Co.
- Our contact persons and ambassadors at the various offices where our members are employed.
- Our hardworking Credit Union General Manager and staff.
- And to you, our valued members for your continued support throughout the years.





## REPORT OF THE BOARD OF DIRECTORS



*Samuel Shelton*  
President



*Damian Lovelace*  
1<sup>st</sup> Vice President



*Marsha Cope-Riley*  
2<sup>nd</sup> Vice President



*Wayne Smith*  
Treasurer



*Maria Lewis*  
Assistant Treasurer



*Claudette Facey-Redwood*  
Secretary



*Gerron Thomas*  
Assistant Secretary



*Dr. Stanley Beckford*



*Melisha Walters Gordon*



## REPORT OF THE TREASURER

For Year Ended 31<sup>st</sup> December 2023



Grace Co-op Credit Union received \$80.2M in interest on loans and advance to members, \$10.4M in investment income, and \$11.9M in non-interest income which represented commission and service charge. The total interest income of \$90.6M represents an increase of \$7.6M or 9% over prior year (\$83.0M).

Total Assets were \$1.14B at the year-end 2023 up from \$1.04B in 2022 an increase of \$91M. Loans less allowance for losses increased by \$147M from \$766M in 2022 to \$913M in 2023, an increase of 19%. Liquid assets declined from \$195M in 2022 to \$179M a decline of 8%.

### STATEMENTS

The following is a summary of the detailed information contained in the audited financial statements. We, the members, altogether have:

	2023	2022
	\$	\$
a) Total Permanent Shares	6,109,366	5,725,924

**We also own collectively as a society, the following:**

i) Statutory Reserves to provide stability to the Credit Union	79,449,987	73,720,789
ii) Education Reserve	214,793	214,793
iii) Capital Revaluation Reserve	6,431,394	6,431,394
iv) Bad Debt Reserve (Impaired Loan Losses)	4,946,445	3,970,126
v) Special Reserve	785,736	785,736
vi) Donation Reserve	180,000	120,000
vii) Unclaimed Share Reserve	169,914	169,914
viii) Share Transfer Reserve	85,850	80,500
ix) We have previous earnings that have not been returned to us as dividends. This amount is:	1,691,141	1,573,872
x) This year our net earnings is	<u>7,978,452</u>	<u>7,290,170</u>

<b>The total we own in reserves, provision and earnings is</b>	<b><u>108,043,078</u></b>	<b><u>100,083,218</u></b>
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**REPORT OF THE TREASURER *cont'd***

	2023	2022
	\$	\$
<b>The grand total we have is</b>	<b>108,043,078</b>	<b>100,083,218</b>
<b>The money we have has been:</b>		
a) Loaned to members	917,679,385	769,599,953
b) Used to Tangible and Intangible Assets (net book value)	1,538,897	1,850,377
c) <b>Invested in:-</b>		
i) Shares in the Jamaica Cooperative Credit Union League	5,546,592	5,546,592
ii) Demand Deposit with Jamaica Cooperative Credit Union	20,147,201	21,206,056
iii) Victoria Mutual Building Society	35,252,479	101,372,947
iii) Mortgage Funds with Jamaica Cooperative Credit Union	21,016,724	20,498,353
iv) Jamaica Cooperative Credit Union - Liquidity Reserve	59,406,899	57,653,320
v) Cu Premium, CUET & Qnet*	271,068	271,045
vii) Cumax Wealth Management	55,197,532	41,135,879
d) Bank account, etc	24,023,667	24,013,138
e) But we owed Depositors and external creditor	(443,918,010)	(404,348,875)
f) Members' voluntary shares	(553,451,700)	(512,171,089)
g) Others (Receivables, Payable and Accruals)*	<u>(34,667,656)</u>	<u>(26,544,479)</u>
<b>The grand total of the loans and investment we have made is</b>	<b><u>108,043,078</u></b>	<b><u>100,083,218</u></b>

**Our Income has been earned from:-**

a) Interest on loans to members	78,434,333	72,438,522
b) Interest on liquid assets	1,786,748	781,240
d) Interest on Investments	9,912,347	9,181,741
e) Interest - Cumax	442,291	618,644
f) Other sources	<u>11,898,685</u>	<u>8,196,816</u>
	<u>102,474,404</u>	<u>91,216,963</u>

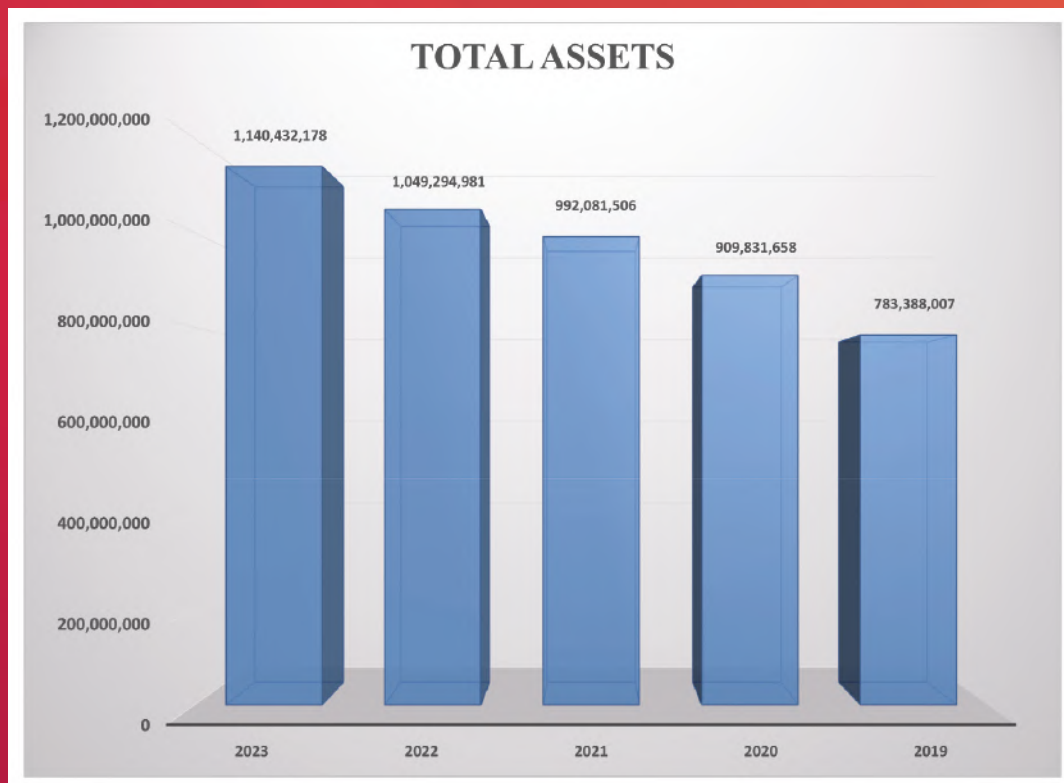


**REPORT OF THE TREASURER *cont'd***

	2023	2022
	\$	\$
<b>The expenses for the year were:-</b>		
Salaries and related expenses	40,866,648	36,042,959
Insurance - Loan Protection and Life Saving (L.P&L.S)	4,962,809	5,228,284
Facilities Fee	6,639,000	6,234,000
Interest Expense	22,528,416	20,324,519
Printing, stationery and supplies	937,327	664,431
League and other dues	3,729,392	3,068,731
Unrecoverable GCT	2,985,931	2,774,653
AGM, Seminars and other meetings	1,839,964	1,536,777
Professional and consulting fees	1,704,163	179,167
Audit Fees	915,840	915,000
Provision for bad debts	974,646	2,121,478
Education Grant	615,000	415,000
Depreciation and amortization	592,748	291,308
General expenses	<u>3,209,455</u>	<u>2,307,943</u>
<b>TOTAL EXPENSES</b>	<b><u>92,501,339</u></b>	<b><u>82,104,250</u></b>
<b>This leaves us a surplus of:-</b>	<b>9,973,065</b>	<b>9,112,713</b>
We are setting aside Statutory Reserves as required by the Act	(1,994,613)	(1,822,543)
	7,978,452	7,290,170
Together with the undistributed earnings from previous year	<u>1,691,141</u>	<u>1,573,872</u>
Undistributed earnings	<u><b>9,669,593</b></u>	<u><b>8,864,042</b></u>

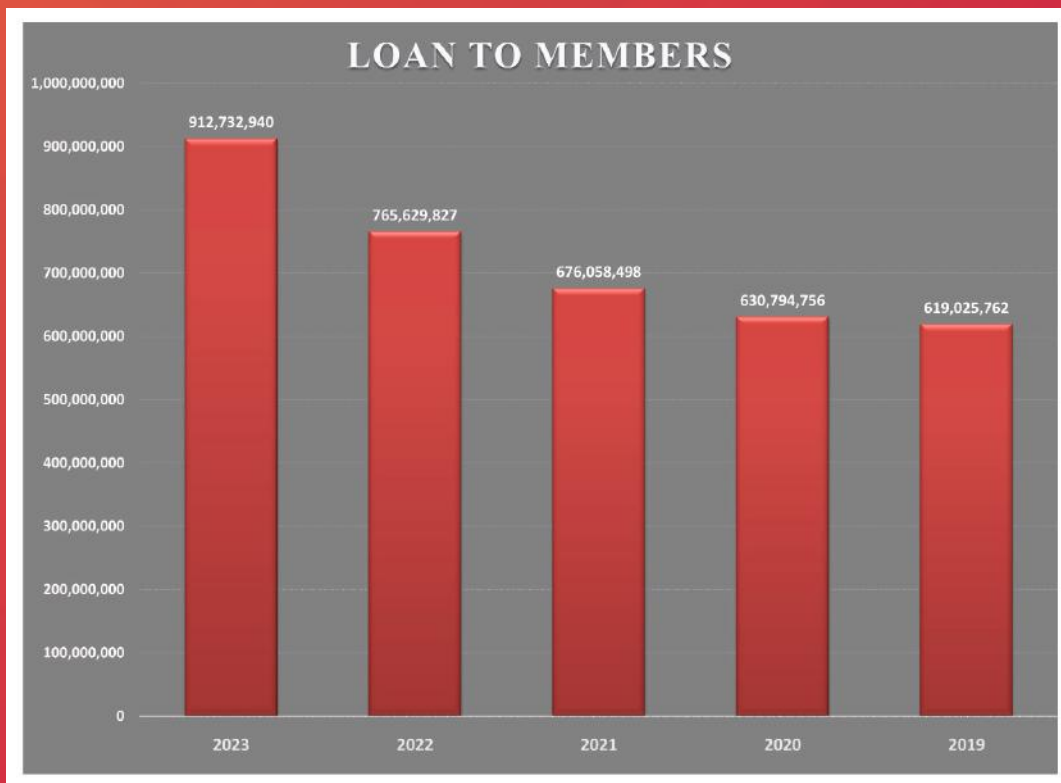


## REPORT OF THE TREASURER *cont'd*





## REPORT OF THE TREASURER *cont'd*



### CONCLUSION

The team showed their commitment to providing financial solutions that has positively impacted the quality of living of its members. This resulted in surplus of \$9.9M, an increase of \$147M in loans over prior year and increased total assets by \$91M. The team continued to be dynamic, making the changes necessary to meet the needs of the members resulting in growth for the members.

I wish to extend thanks to the hard-working management and staff of the credit union for their efforts and dedication during the year and a special thanks to Makeda Scott for her leadership role. I would also like to acknowledge the effort and support of my colleagues on the Board.

Finally, thanks to each member of the credit union for making Grace Co-op, the credit union of their choice.

*Respectively Submitted,*  
**Wayne Smith**  
*Treasurer*





## GRACE COOPERATIVE CREDIT UNION LIMITED

We are always here for you!



# ***PARTNER PLAN***

Let us help you by giving you an  
extra hand

16 Weeks	1/4 Hand
24 Weeks	1/2 Hand
36 Weeks	1 Hand
48 Weeks	2 Hands

For more information:

☎ (876)932-3506-9

✉ [gracecreditunion@gkco.com](mailto:gracecreditunion@gkco.com)

● [www.gracecreditunion.com](http://www.gracecreditunion.com)



GRACE CO-OPERATIVE CREDIT UNION LIMITED

## 2023 Annual Report

# Financial Statements

31 December 2023

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Statement of Cash Flows 47

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**DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES**

**CHARITIES AUTHORITY, JAMAICA**

**Ministry of Industry, Investment, and Commerce**

**2 Musgrave Avenue, Kingston 10**

**Jamaica, W.I.**

**Tel: (876) 927-4912 | 927-6572 | 978-1946**

**E-mail: [dcfs@cwjamaica.com](mailto:dcfs@cwjamaica.com)**

**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  
R376-205/03/24**

**March 27, 2024**

The Secretary  
**Grace Co-operative Credit Union Limited**  
64 Harbour Street  
Kingston

Sir/Madam:

I forward herewith the Financial Statements of your Society for the year ended December 31, 2023.

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

Yours truly,

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

**HOPE GARDENS**  
Hope Gardens, Kingston 6  
(876) 648-6870

**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





## **Gilbert Thompson & Company 2017**

**Chartered Accountants**



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E-mail: gilbertthompsonco2017@yahoo.com

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Clarendon, Jamaica  
Ph: (876) 986-6035, (876) 786-2232  
E-mail: gilbertthompsonco2017@yahoo.com

### **INDEPENDENT AUDITORS' REPORT**

To the Registrar of Co-operatives and Friendly Societies  
Grace Co-operative Credit Union Limited  
(A Society Registered Under the Co-operative Societies Act)

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Grace Co-operative Credit Union Limited set out on pages 41 to 104, which comprise the statement of financial position as at 31 December 2023, the statements of surplus or deficit and other comprehensive income and changes in equity, cash flows for the year then ended and the notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Co-operative as at 31 December 2023, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Co-operative in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.



## **Gilbert Thompson & Company 2017**

**Chartered Accountants**



### **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Registrar of Co-operatives and Friendly Societies  
Grace Co-operative Credit Union Limited  
(A Society Registered Under the Co-operative Societies Act)

#### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRS and the Co-operative Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative'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 Co-operative or to cease operations, or has no realistic alternative but to do so.

Management is responsible for other information. The other information comprises the President's and Treasurers' and other reports included in the Annual Report, except for our auditors' report.

Those charged with governance are responsible for overseeing the Co-operative'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 auditors' 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 judgment and maintain professional skepticism throughout the audit.



## **Gilbert Thompson & Company 2017**

Chartered Accountants



### **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Registrar of Co-operatives and Friendly Societies

Grace 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)**

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 Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.





## **Gilbert Thompson & Company 2017**

**Chartered Accountants**



### **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Registrar of Co-operatives and Friendly Societies  
Grace 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 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 presents a true and fair view.

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

#### **Report on additional matters as required by the Co-operative Societies Act**

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

*Gilbert Thompson & Co. 2017*

Chartered Accountants

**March 22, 2024**



**STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME**  
**Year Ended 31 December 2023**

	<b><u>Note</u></b>	<b><u>2023</u></b> <b><u>₹</u></b>	<b><u>2022</u></b> <b><u>₹</u></b>
<b>INTEREST INCOME</b>			
Interest on loans and advance to members		78,434,333	72,438,522
Interest on liquid assets		1,786,748	781,240
Interest on investment		9,912,347	9,181,741
Interest JCCUL – Cu Max		<u>442,291</u>	<u>618,644</u>
		90,575,719	83,020,147
<b>INTEREST EXPENSE</b>			
Interest on saving deposits		(21,960,135)	(19,921,050)
Other financial cost		<u>( 568,281)</u>	<u>( 403,469)</u>
<b>NET INTEREST INCOME</b>		68,047,303	62,695,628
Impairment losses on financial assets		<u>( 974,646)</u>	<u>( 2,121,478)</u>
		67,072,657	60,574,150
Non-Interest income	8	<u>11,898,685</u>	<u>8,196,816</u>
<b>NET INTEREST AND OTHER INCOME</b>		78,971,342	68,770,966
<b>OPERATING EXPENSES</b>	9	<u>(68,998,277)</u>	<u>(59,658,253)</u>
<b>SURPLUS FOR YEAR, BEING TOTAL COMPREHENSIVE INCOME</b>		<u><b>9,973,065</b></u>	<u><b>9,112,713</b></u>

**STATEMENT OF FINANCIAL POSITION**  
**31 December 2023**

	<u>Note</u>	<u>2023</u> <u>\$</u>	<u>2022</u> <u>\$</u>
<b>ASSETS</b>			
<b>EARNING ASSETS:</b>			
Liquid Assets	10a	155,004,111	171,368,202
Financial investments	11	41,834,382	76,315,990
Loans to members	12	<u>912,732,940</u>	<u>765,629,827</u>
		<u>1,109,571,433</u>	<u>1,013,314,019</u>
<b>NON-EARNING ASSETS:</b>			
Cash in hand and at Bank	10b	24,023,667	24,013,138
Other assets	13	5,298,181	10,117,447
Property, plant and equipment	14a	648,614	913,859
Intangible assets	14b	<u>890,283</u>	<u>936,518</u>
		<u>30,860,745</u>	<u>35,980,962</u>
<b>TOTAL ASSETS</b>		<b><u>1,140,432,178</u></b>	<b><u>1,049,294,981</u></b>

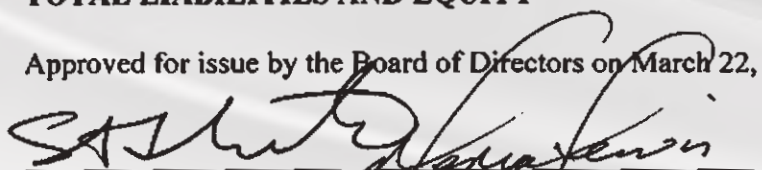





STATEMENT OF FINANCIAL POSITION  
31 December 2023

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Interest bearing liabilities:</b>			
Members' deposit	15a	443,918,010	404,348,875
Voluntary shares	15b	<u>553,451,700</u>	<u>512,171,089</u>
		997,369,710	916,519,964
<b>Non-interest-bearing liability:</b>			
Payable and accruals	16	<u>39,965,837</u>	<u>36,661,926</u>
		<u>1,037,335,547</u>	<u>953,181,890</u>
<b>EQUITY</b>			
Members' share capital	17	6,109,366	5,725,924
Non-institutional capital			
Retained earnings and reserve	18	1,436,293	1,370,943
Undistributed surplus		9,669,591	8,864,041
<b>Institutional capital:</b>			
Statutory and legal reserve	19a	79,449,987	73,720,789
Capital revaluation reserve	19b	<u>6,431,394</u>	<u>6,431,394</u>
		<u>103,096,631</u>	<u>96,113,091</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>1,140,432,178</u></b>	<b><u>1,049,294,981</u></b>

Approved for issue by the Board of Directors on March 22, 2024 and signed on its behalf by:

  
President – Samuel Shelton

  
Assistant Treasurer – Maria Lewis

  
Secretary – Claudette Facey Redwood

**STATEMENT OF CHANGES IN EQUITY**  
**Year Ended 31 December 2023**

	<b>Members'</b>	<b>Institutional</b>	<b>Non-Institutional</b>	
	<b>Permanent</b>	<b>Capital</b>	<b>Capital</b>	
	<b>Share Capital</b>	<b>Capital</b>	<b>(Undistributed</b>	
	<b>\$</b>	<b>\$</b>	<b>Net Surplus)</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balances at 1 January 2021	2,249,000	75,838,902	9,322,657	87,410,559
Net surplus	-	-	9,112,713	9,112,713
Transfer to statutory reserves 2020	-	1,822,543	(1,822,543)	-
Transfer to statutory reserves 2021	-	2,458,338	(2,458,338)	-
Donations	-	-	( 60,000)	( 60,000)
Appropriations -				
Dividend on shares and deposits	-	-	(3,571,105)	( 3,571,105)
Dividend on Permanent Shares	-	-	( 333,900)	( 333,900)
Entrance fee	-	32,400	-	32,400
Share transfer account	3,476,924	-	45,500	3,522,424
Balances at 31 December 2022	5,725,924	80,152,183	10,234,984	96,113,091
Net surplus	-	-	9,973,065	9,973,065
Transfer to statutory reserves 2023	-	1,994,613	( 1,994,613)	-
Transfer to statutory reserves 2022	-	3,645,085	( 3,645,085)	-
Donations	-	-	( 60,000)	( 60,000)
Appropriations -				
Dividend on shares and deposits	-	-	( 2,899,975)	( 2,899,975)
Dividend on Permanent Shares	-	-	( 567,842)	( 567,842)
Entrance fee	-	89,500	-	89,500
Share transfer account	383,442	-	65,350	448,792
Balances at 31 December 2023	<b>6,109,366</b>	<b>85,881,381</b>	<b>11,105,884</b>	<b>103,096,631</b>



## STATEMENT OF CHANGES IN EQUITY

### Year Ended 31 December 2023

	<b><u>Non- Institutional Capital</u></b>		
	<b><u>Undistributed Surplus</u></b>	<b><u>Retained Earnings and Reserves</u></b>	<b><u>Total</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
Balances at 1 January 2022	7,997,214	1,325,443	9,322,657
Net surplus	9,112,713	-	9,112,713
Transfer from special reserves 2022	(1,822,543)	-	( 1,822,543)
Transfer to statutory reserves 2021	(2,458,338)	-	( 2,458,338)
Share transfer account	-	45,500	45,500
Donations	( 60,000)	-	( 60,000)
Appropriations -			
Dividend – shares and deposits	(3,571,105)	-	( 3,571,105)
Dividend – Permanent Shares	( 333,900)	-	( 333,900)
Balances at 31 December 2023	8,864,041	1,370,943	10,234,984
Net surplus	9,973,065	-	9,973,065
Transfer from special reserves 2023	(1,994,613)	-	( 1,994,613)
Transfer to statutory reserves 2022	(3,645,085)	-	( 3,645,085)
Share transfer account	-	65,350	65,350
Donations	( 60,000)	-	( 60,000)
Appropriations -			
Dividend – shares and deposits	(2,899,975)	-	( 2,899,975)
Dividend – Permanent Shares	( 567,842)	-	( 567,842)
Balances at 31 December 2023	<b><u>9,669,591</u></b>	<b><u>1,436,293</u></b>	<b><u>11,105,884</u></b>





**STATEMENT OF CHANGES IN EQUITY**  
**Year Ended 31 December 2023**

	<b><u>INSTITUTIONAL CAPITAL</u></b>		
	<b><u>Statutory</u></b>	<b><u>Capital</u></b>	<b><u>Total</u></b>
	<b><u>Reserve</u></b>	<b><u>Reserve</u></b>	
	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
Balances at 1 January 2021	69,407,508	6,431,394	75,838,902
Transfer to statutory reserves 2022	1,822,543	-	1,822,543
Transfer to statutory reserves 2021	2,458,338	-	2,458,338
Entrance fee	<u>32,400</u>	<u>-</u>	<u>32,400</u>
Balances at 31 December 2022	73,720,789	6,431,394	80,152,183
Transfer to statutory reserves 2023	1,994,613	-	1,994,613
Transfer to statutory reserves 2022	3,645,085	-	3,645,085
Entrance fee	<u>89,500</u>	<u>-</u>	<u>89,500</u>
<b>Balances at 31 December 2023</b>	<b><u>79,449,987</u></b>	<b><u>6,431,394</u></b>	<b><u>85,881,381</u></b>



**STATEMENT OF CASH FLOWS**  
**Year Ended 31 December 2023**

	<u><b>2023</b></u> <u><b>\$</b></u>	<u><b>2022</b></u> <u><b>\$</b></u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Surplus for the year	9,973,065	9,112,713
Adjustments to reconcile net profit to		
Cash provided by operating activities –		
Depreciation	<u>592,748</u>	<u>291,308</u>
Operating cash flows before movements in working capital	10,565,813	9,404,021
<b>Changes in operating assets and liabilities -</b>		
Members' loan	(147,103,113)	( 89,571,329)
Other receivables	4,819,266	( 5,765,511)
Members' savings account	39,569,135	29,171,805
Share capital voluntary	41,280,611	19,693,651
Payable and accruals	<u>3,303,911</u>	<u>( 354,513)</u>
Net cash used in operating activities	<u>( 47,564,377)</u>	<u>( 37,421,876)</u>
<b>Cash flow from investing activities -</b>		
Property, plant and equipment purchased	( 281,268)	( 645,847)
Financial investments	<u>34,481,608</u>	<u>( 26,505,534)</u>
Net cash provided by/(used in) investing activities	<u>34,200,340</u>	<u>( 27,151,381)</u>
<b>Cash flow from financing activities -</b>		
Entrance fee	89,500	32,400
Dividend on shares and deposit	( 2,899,975)	( 3,571,105)
Dividend on permanent shares	( 567,842)	( 333,900)
Donation	( 60,000)	( 60,000)
Share transfer account	<u>448,792</u>	<u>3,522,424</u>
Cash used in financing activities	<u>( 2,989,525)</u>	<u>( 410,181)</u>
Decrease in liquid assets	( 16,353,562)	( 64,983,438)
Liquid asset at beginning of the year	<u>195,381,340</u>	<u>260,364,778</u>
<b>LIQUID ASSET AT END OF YEAR</b>	<u><b>179,027,778</b></u>	<u><b>195,381,340</b></u>



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 1. IDENTIFICATION AND ACTIVITY:

Grace Co-operative Credit Union Limited ("Co-operative") is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act ("Act"), and has its registered office at 69 ½ Harbour Street, Kingston, Jamaica.

The main activities of the Co-operative are to promote thrift among its members by affording them an opportunity to accumulate savings and to create for them a source of credit for provident or productive purposes at a reasonable rate of interest.

Membership in the Co-operative is obtained by the holding of members' permanent [note 17] and voluntary [note 15(b)] shares, which are deposits available for withdrawals on demand. Individual membership may not exceed 20% of the total of the members' shares of the co-operative.

### 2. REGULATION:

The Co-operative Societies Act requires that at least 20% of the net surplus of the Co-operative be transferred annually to a reserve fund. The Co-operative is exempt from Income Tax under section 59(i) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

The liabilities of the individual members are limited by shares. Individual membership liability may not exceed 20% of total share capital.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 3. **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION:**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) **Statement of Compliance**

The financial statements are prepared in accordance and comply with International Financial Reporting Standards (“IFRS”) and the Co-operative Societies Act of Jamaica.

#### (b) **Basis of preparation**

IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates and assumption are based on historical experience and management’s best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

#### **New, revised and amended standards and interpretations that became effective during the year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Co-operative has assessed the relevance of all such new standards, interpretations and amendments and has concluded that there are no new standards, interpretations and amendments which are relevant to its operations.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

#### (b) Basis of preparation cont'd

##### **New, revised and amended standards and interpretations not yet effective and not early adopted by the Co-operative**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Co-operative. The standards, amendments and interpretations relevant to the Co-operative are discussed below.

##### **Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024).**

Amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The Co-operative is currently assessing the impact of future adoption of the new standard on its financial statements.

##### **Amendment to IAS 16- Leases on sales and leaseback (effective for annual periods beginning on or after 1 January 2024).**

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The Co-operative is currently assessing the impact of future adoption of the new standard on its financial statements.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

#### (c) **Basis of measurement:**

The financial statements are prepared on the historical cost basis.

The methods used to measure fair value are set out in note 7.

#### (d) **Functional and presentation currency**

The financial statements of the Co-operative are measured using the currency of the primary economic environment in which the Co-operative operates (Jamaican Dollar). These financial statements are presented in Jamaican dollars, which is considered the Co-operative's functional and presentation currency.

#### (e) **Foreign currency translation**

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D):

- (f) **Critical accounting judgments in applying the Co-operative's accounting policies**
- (i) **Impairment losses on financial assets**

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior such as the likelihood of members' defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weights of forward-looking scenarios
- Establishing group of similar financial assets for the purpose of measuring ECL.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES:

The Co-operative has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

#### (a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument to another entity.

Financial instrument carried on the statements of financial position include loan to members, liquid assets, financial investments, other assets, members' deposits, members' voluntary shares and payables and accruals. The particular recognition methods adopted are disclosed in significant accounting policy associated with each item. The fair values of the Co-operative's financial instruments are in note 7.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

#### (i) Recognition and initial measurement

The Co-operative recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Co-operative initially recognises accounts receivable on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (b) Financial instruments (cont'd)

##### Financial liabilities

Financial liabilities net of transaction costs, are initially measured at fair value, and are subsequently measured at amortised cost using the effective method. At the reporting date, the items classified as financial liabilities are members' deposits, members' voluntary shares, external credits, and other liabilities.

#### (c) Loans and provision for impairment losses

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Co-operative does not intend to sell immediately or in the near term.

Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and are subsequently measured at amortised cost using the effective interest method.

An allowance for impairment is established if there is objective evidence that it is probable that all amounts due according to the original contractual terms will not be collected. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from collateral, discounted at the original effective interest rate of the loans.

A loan is classified as impaired when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. If the payment on a loan is contractually three (3) months in arrears, the loan will be classified as impaired. When a loan is classified as impaired the accrual of interest income based on the original term of the loan is discontinued. IFRS requires the increase in the present value of impaired loans due to the passage of time to be reported as interest income.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (c) Loans and provision for impairment losses (cont'd)

Write-offs are made when all or part of a loan is deemed uncollectible or when a debt is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full, of amounts previously written off, are credited to impairment losses in surplus or deficit.

The Co-operative's impairment loss provision requirements, as stipulated by the Jamaica Co-operative Credit Union League Limited ("JCCUL"), that exceed the IFRS impairment provision are dealt with in a non-distributable loan loss reserve as an appropriation of accumulated surplus.

#### (d) Resale agreements

Resale agreements ("reverse repos") are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Reverse repos are accounted for as short-term collateral lending.

The Co-operative enters into resale agreements to resell substantially identical investments at a certain date in the future at a fixed price. The amounts paid are recognized as "resale agreements" and are collateralised by the underlying securities.

The difference between the sale and repurchase consideration is recognized on the accrual basis over the period of the transaction and is included in interest income.

#### (e) Cash and cash equivalents

Cash and cash equivalents are shown at cost. They comprise cash and bank balances and short-term liquid deposits, where original maturities do not exceed three months, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments, rather than for investment purposes.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (e) Cash and cash equivalent Cont'd

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and in bank and deposits not held to satisfy statutory requirements, net of bank overdraft, if any.

#### (f) Property, plant and equipment

##### (i) Measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part flow to the Co-operative and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in surplus or deficit.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (f) Property, plant and equipment cont'd

##### (iii) Depreciation

Depreciation is recognized in surplus or deficit on the straight-line basis at rates estimated to write-down the relevant assets, over their expected useful life and residual value are reviewed at each reporting date and adjusted if appropriate with the effect of any changes in the estimate being accounted for on a prospective basis.

Furniture and fixtures	10%
Automated teller machine	10%
Data processing equipment	10% - 20%

#### (g) Intangible asset

Intangible asset represents software rights and is measured at cost, less accumulated amortization and impairment losses. Amortisation method, useful life and residual value are reviewed at each reporting date and adjusted if appropriate with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation is charged to surplus or deficit on the straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use. The expected useful life of computer software is 10 years.

#### (h) Other assets

Other assets comprising sundry receivables and prepayments are measured at amortised cost less impairment losses. An impairment loss is established when there is objective evidence that the Co-operative 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.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (i) Members' shares -

##### (i) Permanent shares

Permanent shares may be transferred by a member to another but are not available for withdrawal. Permanent shares are classified as equity and measured at amortised cost.

##### (ii) Voluntary shares

Members' voluntary shares represent deposit holdings of the Co-operative's member, to satisfy membership requirements and to facilitate eligibility for loans and other benefits. These shares are classified as financial liabilities. Dividends payable on these shares are determined at the discretion of the Co-operative and reported as interest in surplus or deficit in the period in which they are approved.

#### (j) Payables and accruals

Payables and accruals are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (k) Other liabilities

Other liabilities comprise other payables and are measured at amortised cost.

#### (l) Provisions

Provisions are recognised when the Co-operative 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.

#### (m) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Co-operative. Accordingly, revenue comprises interest income, fees and commissions, and income and gains from trading and holding financial instruments.

Where collection of interest income is considered doubtful, or payment is outstanding for more than 90 days, interest is taken into account on the cash basis. IFRS requires that when receivables become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

There has been no doubtful interest payment for the period under review.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (m) Revenue recognition (Cont'd)

##### (i) Interest income

###### *Effective interest rate*

Interest income is recognised in surplus or deficit using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to its gross carrying amount.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Co-operative estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

###### *Amortised cost and gross carrying amount*

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (m) Revenue recognition (Cont'd)

##### (i) Interest income cont'd

##### *Calculation of interest income*

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that has become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to the gross basis even if the credit risk of the asset improves.

##### *Presentation*

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost, and interest on debt instruments measured at FVOCI.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (m) Revenue recognition (Cont'd)

##### (ii) Fees and commission

Fee and commission income are recognised on the accrual basis when the service has been provided. Fee and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time apportioned basis as the service is provided. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

##### (iii) Dividends

Dividend income from equity financial investments is recognised when the Co-operative's right to receive payment has been established.

#### (n) Institutional capital

Institutional capital includes retained earnings reserve and other statutory and legal reserves as set out in article XIV rule 66 of the Co-operative Societies Act. These are set aside in order to strengthen the capital base of the Co-operative and thereby protect the interest of the members. These amounts are not available for distribution.

#### (o) Statutory reserves

The statutory and legal reserves are maintained in accordance with the provisions of the Co-operative Societies Act, which require that a minimum of 20% of surplus before honoraria should be carried to a fund. A registered society may apply to the Registrar to allow the required percentage to be reduced. However, the reduction will not be granted below 10%.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (p) Impairment

The carrying amounts of the Co-operative's assets, other than loans to members [see note 4(a)], are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit. Any cumulative loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to surplus or deficit.

#### (i) Calculation of recoverable amount

The recoverable amount of the Co-operative's loans and receivables is calculated at the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. The recoverable amount in respect of an available-for-sale investment is its current fair value. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

#### (p) Impairment (Cont'd)

##### (ii) Reversals of impairment

In respect of loans and receivables the impairment loss is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Reversals are recognized in surplus or deficit, except for available-for-sale equity financial asset, that are recognized in other comprehensive income.

#### (q) Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments under operating leases are charged as an expense in surplus or deficit on the straight-line basis over the period of the lease.

#### (r) Foreign currency translation

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rates ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in surplus or deficit.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods, if the revision affects both currents and future periods.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

#### (i) Impairment losses on loans to members

The determining amounts recorded for impairment losses on loan in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measureable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant loans and loans portfolio with similar characteristic, such as credit risks.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

#### (a) Introduction and overview

The Co-operative activities are principally related to the use of financial instruments. The Co-operative therefore has exposure to the following risks from its use of financial instruments in the ordinary course of business:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Capital risk management

The Board of Directors of the Co-operative has overall responsibility for the establishment and oversight of the Co-operative's risk management framework. Senior management of the Co-operative report to the respective Board of Directors on their activities. The Co-operative's risk management policies are designed to identify and analyse the risks faced by the Co-operative, to set appropriate risk limits and controls, and to monitor risks and adherence to limits risk management.

The Co-operative regularly reviews its risk management policies and systems to reflect changes in market conditions and product and service offerings. The respective Audit, Risk and Conduct Review Committees of the Co-operative and the subsidiary Co-operative are responsible for monitoring compliance with the Co-operative's risk management policies and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Co-operative.

The Audit, Risk and Conduct Review Committees are assisted in these functions by the Co-operative's Internal Audit Unit and the Co-operative Risk Management Unit, which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Conduct Review Committees.

The key risks to which the Co-operative is exposed and the manners in which it measures and manages them are as follows:





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

#### (b) Credit risk

Credit risk is the risk of financial loss to the Co-operative if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from credit given to customers from stock broking activities, investing activities, collateralised lending and deposits with other institutions. Balances arising from these activities include debt securities, resale agreements, cash and cash equivalents and accounts receivable.

##### (i) Management of credit risk

Credit risk is the single largest risk for the Co-operative's business; management therefore carefully manages its exposure to credit risk. Credit risk management and control is delegated to the Co-operative's Finance and Risk Management Committee. The Committee is responsible for oversight of credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, and limiting concentration of exposure to counterparties.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Co-operative measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

#### (b) Credit risk (cont'd)

##### (i) Management of credit risk (continued)

The Co-operative manages the credit risk on items exposed to such risk as follows:

##### Cash and cash equivalents

These are held with reputable financial institutions and collateral is not required for such accounts as management regards the institutions as strong.

##### Resale agreements

Collateral is held for all resale agreements.

##### Investment securities

In relation to its holding of investment securities, the Co-operative manages the level of risk it undertakes by investing substantially in short term Government of Jamaica, Bank of Jamaica and foreign Government debt securities; such securities are generally unsecured.

##### Loan to members

Exposure to credit risk is managed by regular analysis of the ability of the members and other counter parties to meet repayment obligations.

##### (ii) Concentration of credit risk

There is significant concentration of credit risk in that the Co-operative holds substantial amounts of debt securities in fixed deposit with Cumax and fixed deposit with Victoria Mutual Building Society. There is no other significant concentration of credit risk.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (cont'd)

##### (iii) Maximum exposure to credit risk and credit quality analysis (continued)

Loan at amortise cost:

	<u>Stage 1</u> 12-months ECL \$	<u>2023</u> <u>Stage 2</u> Lifetime ECL \$	<u>Stage 3</u> Lifetime ECL \$	Total \$	<u>2022</u> <u>3 Stages</u> Total \$
Impaired Loan losses	<u>1,724,028</u>	<u>99,684</u>	<u>3,122,733</u>	<u>4,946,445</u>	<u>3,970,126</u>

Resale agreements, loans receivable and debt securities at amortised cost:

Loans recoverable and debit securities at amortised cost:





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (cont'd)

##### (iv) Impairment

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Co-operative.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to below for a description of how the Co-operative determines when a significant increase in credit risk has occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (cont'd)

##### (iv) Impairment (continued)

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Please see below which includes an explanation of how the Co-operative has incorporated this in its ECL models.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key judgments and assumptions adopted by the Co-operative in addressing the requirements of the standard are discussed below:

##### *(a) Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Co-operative considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Co-operative's historical experience and third-party policies including forward-looking information.

The Co-operative uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk

#### (iv) Impairment (continued)

##### Credit risk grades:

The Co-operative uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Co-operative use internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgment from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

##### Determining whether credit risk has been increased significantly:

The Co-operative assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

(b) Credit risk

(iv) Impairment (continued)

Credit risk grades (continued):

Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points.

As a backstop, the Co-operative considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Co-operative determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (continued)

##### (iv) Impairment (continued)

##### *(a) Significant increase in credit risk (continued)*

##### Definition of default:

In assessing whether a borrower is in default, the Co-operative considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Co-operative; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (continued)

##### (iv) Impairment (continued)

##### *(b) Incorporation of forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Co-operative has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Co-operative’s Finance team on an annual basis and provide the best and worst estimate view of the economy.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and compared historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Co-operative considers other possible scenarios and scenario weightings. At January 1, 2023 and December 31, 2023, the Co-operative concluded that three scenarios appropriately captured nonlinearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (continued)

##### (iv) Impairment (continued)

##### *(b) Incorporation of forward-looking information (continued)*

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore, the actual outcomes may be significantly different to those projected. The Co-operative considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Co-operative's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (b) Credit risk (continued)

#### (iv) Impairment (continued)

#### *(c) Measurement of the expected credit loss (ECL)*

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12 month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D**

**(b) Credit risk (continued)**

**(iv) Impairment (continued)**

**(c) *Measurement of the expected credit loss (ECL) (continued)***

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (d) Liquidity risk

Liquidity risk is the risk that the Co-operative is unable to meet its payment obligations associated with its financial liabilities when they fall due and replace funds when they are withdrawn. The consequences may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Co-operative's approach to managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Co-operatives reputation.

#### Liquidity risk management process

The liquidity risk management process, as carried out within the Co-operative includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and availability of high-grade collateral which could be used to secure funding, if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (ii) Optimizing cash returns on investments; and

#### Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of an analysis of the cash balances and expected investment maturity profiles for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

##### (d) Liquidity risk cont'd

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 Co-operative and its exposure to changes in interest rates and exchange rates.

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Co-operative's financial liabilities based on contractual repayment obligations.

	Within 1-3 months \$	3 to 12 months \$	1 to 5 years \$	Total Carrying amount \$
<b>December 31, 2023</b>				
Members' deposits	140,784,275	129,831,016	173,302,717	443,918,008
Members' voluntary Shares	-	-	553,451,700	553,451,700
Payables and accruals	8,031,609	19,920,970	12,013,258	39,965,837
<b>Total financial Liabilities</b>	<b>148,815,884</b>	<b>149,751,986</b>	<b>738,767,675</b>	<b>1,037,335,545</b>
<b>December 31, 2022</b>				
Members' deposits	107,921,062	131,449,607	164,978,206	404,348,875
Members' voluntary Shares	-	-	512,171,089	512,171,089
Payables and accruals	2,138,217	19,545,263	14,978,446	36,661,926
<b>Total financial Liabilities</b>	<b>110,059,279</b>	<b>150,994,870</b>	<b>692,127,741</b>	<b>953,181,890</b>



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (e) Market risk

The Co-operative takes on exposure to market risk, 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 and interest rates. Market risk is monitored by the Finance Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

#### (i) Currency risk

Currency or foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currency giving rise to this risk is the US\$.

The Co-operative's exposure to foreign currency risk at the reporting date was as nil





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (e) Market risk (cont'd)

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates, and arises mainly from investments, loans and deposits.

Floating rate instruments expose the Co-operative to cash flow interest risk, whereas fixed interest rate instruments expose the Co-operative to fair value interest risk.

The Co-operative's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments as determined by the Finance Committee. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Board set limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Finance Department.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

##### (e) Market risk (cont'd)

##### (ii) Interest rate risk

	2023				
	Within 3 months \$	3 - 12 months \$	Over 1- 5 years \$	Non- interest bearing \$	Total \$
<b>Assets</b>					
Cash and bank balances	24,023,667	-	-	-	24,023,667
Liquid assets	80,588,117	-	-	-	80,588,117
Financial investments	-	75,450,011	41,834,382	-	117,284,393
Loans	658,708	185,752,639	726,321,592	-	912,732,939
Other assets	1,558,885	1,134,744	2,604,552	-	5,298,181
<b>Total assets</b>	<b>106,829,377</b>	<b>262,337,394</b>	<b>770,760,526</b>	<b>-</b>	<b>1,139,927,297</b>
<b>Liabilities</b>					
Members' deposits	140,784,275	129,831,016	173,302,717	-	443,918,008
Members' voluntary Shares	-	-	553,451,700	-	553,451,700
Payables and accruals	8,031,609	19,920,970	12,013,258	-	39,965,837
<b>Total liabilities</b>	<b>148,815,884</b>	<b>149,751,986</b>	<b>738,767,675</b>	<b>-</b>	<b>1,037,335,545</b>
<b>Total interest rate sensitivity gap</b>	<b>(41,986,507)</b>	<b>112,585,408</b>	<b>31,992,851</b>	<b>-</b>	<b>102,591,752</b>
<b>Cumulative interest rate sensitivity gap</b>	<b>(41,986,507)</b>	<b>70,598,901</b>	<b>102,591,752</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

##### (e) Market risk (cont'd)

##### (ii) Interest rate risk

	2022				
	Within 3 months \$	3 - 12 months \$	Over 1- 5 years \$	Non- interest bearing \$	Total \$
<b>Assets</b>					
Cash and bank balances	24,013,138	-	-	-	24,013,138
Liquid assets	171,368,202	-	-	-	171,368,202
Financial investments	-	-	76,315,990	-	76,315,990
Loans	70,371	86,342,525	679,216,931	-	765,629,827
Other assets	2,883,357	4,407,553	2,826,537	-	10,117,447
<b>Total assets</b>	<b>198,335,068</b>	<b>90,750,078</b>	<b>758,359,458</b>	<b>-</b>	<b>1,047,444,604</b>
<b>Liabilities</b>					
Members' deposits	107,921,062	131,449,607	164,978,206	-	404,348,875
Members' voluntary Shares	-	-	512,171,089	-	512,171,089
Payables and accruals	2,138,217	19,545,263	14,978,446	-	36,661,926
<b>Total liabilities</b>	<b>110,059,279</b>	<b>150,994,870</b>	<b>692,127,741</b>	<b>-</b>	<b>953,181,890</b>
<b>Total interest rate sensitivity gap</b>	<b>88,275,789</b>	<b>( 60,244,792)</b>	<b>66,231,717</b>	<b>-</b>	<b>94,262,714</b>
<b>Cumulative interest rate sensitivity gap</b>	<b>88,275,789</b>	<b>28,030,997</b>	<b>94,262,714</b>	<b>-</b>	<b>-</b>





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (e) Market risk (cont'd)

##### (ii) Interest rate risk (cont'd)

##### Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change of basis 100 points in interest rates, with all other variables being held constant.

The sensitivity of the surplus is the effect of the assumed changes in interest rate on net income based on the floating rate of financial assets and financial liabilities. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effect of the assumed changes in interest rates. The correlation of variable will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, they have to be on an individual basis. It should be noted that movements in these variables are non-linear.

Change in basis points:

	2023		2022	
	Effect on <u>surplus</u> \$	Effect on <u>equity</u> \$	Effect on <u>surplus</u> \$	Effect on <u>equity</u> \$
- 25 (2022: 50)	(24,933)	(257,742)	( 45,564)	( 480,565)
+ 25 (2022: 300)	<u>24,933</u>	<u>257,742</u>	<u>273,381</u>	<u>2,883,393</u>



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Co-operative's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Co-operative's operations.

The Co-operative's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Co-operative's 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 address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of a contingency plan;
- Risk mitigation, including insurance where this is effective

Compliance with the Co-operative's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the department heads, with summaries submitted to senior management.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (g) Capital management

The Co-operative's objective when managing institutional capital, which is a broader concept than the "equity" on the face of statement of financial position are:

- (i) To comply with the capital requirements set by the JCCUL and the Bank of Jamaica for the financial sector in which the Co-operative operates;
- (ii) To safeguard the Co-operative's ability to continue as a going concern so that it can continue to provide returns and benefits for members;
- (iii) To maintain an 8% ratio of institutional capital to total asset; and
- (iv) To maintain a strong capital base to support the development of its business through the allocation of at least 20% of surplus to institutional capital.

Capital adequacy and the use of regulatory capital are monitored by management, based on the guidelines in its Capital Asset Management Policy. The JCCUL currently requires member co-operatives to maintain a minimum level of institutional capital at 8% of total assets. At reporting date, this ratio was 9% (2022: 9%) which is in compliance with the requirements.

The proposed Bank of Jamaica regulations require JCCUL to ensure that member co-operatives:

- (i) Hold a minimum level of the regulatory capital of 6% of total assets; and
- (ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT CONT'D

#### (g) Capital management (continued)

The table below summaries the composition of regulatory capital and the ratios of the co-operative as at the reporting date. During the year, the Co-operative complied with all externally imposed capital requirements to which it is subject.

	2023		2022	
	Actual \$,000	Required \$,000	Actual \$,000	Required \$,000
Total regulatory capital	103,097	114,043	96,113	104,929
Total capital ratio	9%	10%	9%	10%

### 7. FAIR VALUE FINANCIAL INSTRUMENTS:

Fair value amounts represent estimates of the consideration that would currently be 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. Many of the Co-operative's financial instruments lack an available trading market. Therefore, these instruments have been valued using other valuation techniques and the values may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments. In addition, the calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

The fair values of liquid assets, sale agreements, cash and bank balances, other assets and other liabilities are assumed to approximate their carrying values, due to their short-term nature.

The fair value of financial investments is based on quoted market bid prices, when available. Where quoted market bid prices are not available, other valuation techniques are used.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 7. FAIR VALUE FINANCIAL INSTRUMENTS (CONT'D):

Loans are carried at amortised cost, which is deemed to approximate the fair value.

The fair value of deposits which are payable on demand or notice are assumed to be equal to their carrying value due to their short-term nature.

Payables and accruals, members' voluntary shares and members' deposits are carried at amortized cost, which is deemed to approximate their fair values, as these balances attract rates and terms comparable to market rates and terms for similar transactions.

No fair value is available for the Co-operative's investment in unquoted equities. These are held in JCCUL and its related entities and Victoria Mutual Building Society. There is no available market for these instruments. The Co-operative has no intention to dispose of these investments.

Financial instruments that are measured at fair value at the reporting date are grouped into Levels 1, 2 and 3, based on the degree to which the fair value is observable as follows:

- (i) Level 1: Fair values are quoted prices (adjustment) in active markets for identical instruments;
- (ii) Level 2: Fair value measurements are those derived from valuation techniques based on inputs other than quoted market prices included within level 1, that are observable for the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Fair value measurements are those derived from valuation techniques using significant inputs for the instrument that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 7. FAIR VALUE FINANCIAL INSTRUMENTS (CONT'D):

The following table set out the fair value of financial instruments of the Co-operative using the valuation method and assumptions described. The fair value disclosed do not reflect the value of assets and liabilities that are not considered financial instruments, such as property, plant and equipment.

	<u>2023</u> <u>Carrying</u> <u>Value</u> <u>\$</u>	<u>Fair</u> <u>Value</u> <u>\$</u>	<u>2022</u> <u>Carrying</u> <u>Value</u> <u>\$</u>	<u>Fair</u> <u>Value</u> <u>\$</u>
<b>ASSETS –</b>				
<b>Earning assets</b>				
Liquid assets	155,004,111	155,004,111	171,368,202	171,368,202
Financial investments	41,834,382	41,834,382	76,315,990	76,315,990
Loans	912,732,940	912,732,940	765,629,827	765,629,827
<b>Non-earning assets</b>				
Cash in hand and at Bank	24,023,667	24,023,667	24,013,138	24,013,138
Other assets	5,298,181	5,298,181	10,117,447	10,117,447
<b>LIABILITIES –</b>				
<b>Interest bearing liabilities</b>				
Members savings' deposit	443,918,010	443,918,010	404,348,875	404,348,875
Voluntary Shares	553,451,700	553,451,700	512,171,089	512,171,089
<b>Non-interest-bearing liability</b>				
Accounts payable	<u>39,965,837</u>	<u>39,965,837</u>	<u>36,661,926</u>	<u>36,661,926</u>





**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**8. NON-INTEREST INCOME:**

	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>\$</b>	<b>\$</b>
Commission	1,766,596	1,672,652
Service charge	10,132,089	6,163,636
Dividend	-	360,528
	<b><u>11,898,685</u></b>	<b><u>8,196,816</u></b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
<b>9. EXPENSES BY NATURE:</b>		
<b>PERSONNEL-</b>		
Employee's salaries and statutory contribution	31,880,400	28,235,933
Employee's cost	7,953,994	6,823,169
Education and training	<u>1,032,254</u>	<u>983,857</u>
	<b><u>40,866,648</u></b>	<b><u>36,042,959</u></b>
<b>ADMINISTRATIVE -</b>		
Facilities fees	6,639,000	6,234,000
Depreciation and amortisation	592,748	291,308
Auditing and accounting	915,840	915,000
Telecommunication	47,519	138,480
Printing, stationery and supplies	937,327	664,431
Insurance premium	4,962,809	5,228,284
Professional and consulting fees	1,704,163	179,167
Other administrative expenses	3,161,936	2,169,463
Unrecoverable GCT	<u>2,985,931</u>	<u>2,774,653</u>
	<b><u>21,947,273</u></b>	<b><u>18,594,786</u></b>
<b>MARKETING -</b>		
Education grant	<u>415,000</u>	<u>415,000</u>
	<b><u>415,000</u></b>	<b><u>415,000</u></b>
<b>REPRESENTATION &amp; AFFILIATION</b>		
League and other dues	3,729,392	3,068,731
Seminars and meeting	24,350	-
Annual general meetings	1,627,083	1,536,777
Miscellaneous	<u>188,531</u>	<u>-</u>
	<b><u>5,569,356</u></b>	<b><u>4,605,508</u></b>
	<b><u>68,998,277</u></b>	<b><u>59,658,253</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 10a. LIQUID ASSETS:

	<u>2023</u>	<u>2022</u>
	\$	\$
Earning:		
Jamaica Co-operative Credit Union League Limited		
JCCUL Liquidity Reserve & Demand Deposit	79,554,100	78,859,376
Cumax Wealth Management	40,197,260	41,135,879
CUMAX MMF	272	-
Victoria Mutual Building Society – Liquid Asset	<u>35,252,479</u>	<u>51,372,947</u>
	<u>155,004,111</u>	<u>171,368,202</u>

#### 10b. CASH IN HAND AND CASH AT BANK:

Imprest account	250,000	250,000
Current account	<u>23,773,667</u>	<u>23,763,138</u>
	<u>24,023,667</u>	<u>24,013,138</u>
	<u>179,027,778</u>	<u>195,381,340</u>

#### 11. FINANCIAL INVESTMENTS:

	<u>2023</u>	<u>2022</u>
	\$	\$
CUETS settlement fund	742	722
Jamaica Co-operative Credit Union Limited shares:	5,546,593	5,546,592
Mortgage funds	21,016,724	20,498,353
Victoria Mutual Building Society - Investment	-	50,000,000
CUMAX Bond	15,000,000	-
Qnet	<u>270,323</u>	<u>270,323</u>
	<u>41,834,382</u>	<u>76,315,990</u>

The amounts are due to be recovered as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Over 12 months	<u>41,834,382</u>	<u>76,315,990</u>
	<u>41,834,382</u>	<u>76,315,990</u>

These are carried at amortised cost.





## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 12. LOANS:

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance at beginning of year	769,599,953	677,914,572
Add: disbursements and transfer	<u>476,043,785</u>	<u>389,390,030</u>
	1,245,643,738	1,067,304,602
Less: repayment and transfers	<u>( 327,964,353)</u>	<u>( 297,704,649)</u>
	917,679,385	769,599,953
Less: allowance for impairment losses	<u>( 4,946,445)</u>	<u>( 3,970,126)</u>
	<u><b>912,732,940</b></u>	<u><b>765,629,827</b></u>

Included in the loan balances are loans to nine (2022 - 5) members of the board of directors totaling \$31,845,360 (2022 - \$22,013,643), six (2022- 6) staff members totaling \$19,487,754 (2022 - \$18,334,605), eight (2022 - 8) committee and supervisory members totaling \$27,836,555 (2022 - \$26,124,488) and two (2022 - 1) related party totaling \$2,259,635 (2022 - \$537,496) The amounts are expected to be recovered as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Within 12 months	186,411,347	86,412,896
Over 12 months	<u>731,268,038</u>	<u>683,187,057</u>
	<u><b>917,679,385</b></u>	<u><b>769,599,953</b></u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 12. LOANS Cont'd:

(a) The aging of the loan at the reporting date was as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Neither past due nor impaired	912,090,895	764,553,018
Past due but not impaired:		
Loans 31 – 60 days	1,693,152	-
Loans 61 - 90 days	719,982	1,644,425
Loans 91 - 180 days	-	1,328,982
Loans 181 – 360 days	582,887	1,362,079
Loan over 361 days	<u>2,592,469</u>	<u>711,449</u>
	<u>5,588,490</u>	<u>5,046,935</u>
	917,679,385	769,599,953
Less provision for loan losses	( 4,946,445)	( 3,970,126)
	<u>912,732,940</u>	<u>765,629,827</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 12. LOANS (CONT'D):

##### (a) Delinquent loans

The total loan loss provision derived below as at the reporting date is consistent with the loan loss provisioning rules of the JCCUL:

Months in arrears	2023			
	Number of accounts in arrears	Delinquent loans	Provision Rate	Statutory loan loss provision
Loans 31-60 days	2	1,693,152	-	-
Loans 61-90 days	2	719,982	10	71,998
Loans 91-180 days	0	-	30	-
Loans 181-360 days	3	582,887	60	349,732
Loans over 361 days	<u>3</u>	<u>2,592,469</u>	100	<u>2,592,469</u>
	<b><u>10</u></b>	<b><u>5,588,490</u></b>		<b><u>3,014,199</u></b>

Months in arrears	2022			
	Number of accounts in arrears	Delinquent loans	Provision Rate	Statutory loan loss provision
Loans 31-60 days	-	-	-	-
Loans 61-90 days	2	1,644,425	10	164,443
Loans 91-180 days	3	1,328,982	30	398,695
Loans 181-360 days	4	1,362,079	60	817,247
Loans over 361 days	<u>1</u>	<u>711,449</u>	100	<u>711,449</u>
	<b><u>10</u></b>	<b><u>5,046,935</u></b>		<b><u>2,091,834</u></b>





## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 12. LOANS (CONT'D):

##### (a) Delinquent loans (cont'd)

The impaired loan losses are \$1,932,246 (2022 - \$1,878,292) greater than the loan loss provisioning rules of the JCCUL and does not require an additional provision for loan losses to Reserve:

	<u>2023</u>	<u>2022</u>
	\$	\$
Impaired loan losses IFRS 9	4,946,445	3,970,126
Loan loss provision rule of the JCCUL	<u>(3,014,199)</u>	<u>(2,091,834)</u>
	<u><b>1,932,246</b></u>	<u><b>1,878,292</b></u>

#### 13. OTHER ASSETS:

	<u>2023</u>	<u>2022</u>
	\$	\$
Prepayments	907,540	1,173,162
Interest receivable	4,201,734	8,755,378
Withholding tax	<u>188,907</u>	<u>188,907</u>
	<u><b>5,298,181</b></u>	<u><b>10,117,447</b></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**14a. Property, plant and equipment:**

	<b><u>Furniture &amp; Equipment</u></b>	<b><u>Computer</u></b>	<b><u>Total</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
Cost -			
1 January 2022	449,724	2,289,466	2,739,190
Addition	<u>-</u>	<u>253,347</u>	<u>253,347</u>
Balance at December 2022	449,724	2,542,813	2,992,537
Addition	<u>-</u>	<u>156,732</u>	<u>156,732</u>
Balance at December 2023	<u>449,724</u>	<u>2,699,545</u>	<u>3,149,269</u>
Depreciation and impairment losses-			
1 January 2022	449,674	1,514,468	1,964,142
Charge for the year	<u>-</u>	<u>114,536</u>	<u>114,536</u>
Balance at December 2022	449,674	1,629,004	2,078,678
Charge for the year	<u>-</u>	<u>421,977</u>	<u>421,977</u>
Balance at December 2023	<u>449,674</u>	<u>2,050,981</u>	<u>2,500,655</u>
Carrying amount -			
31 December 2023	<u><u>50</u></u>	<u><u>648,564</u></u>	<u><u>648,614</u></u>
31 December 2022	<u><u>50</u></u>	<u><u>913,809</u></u>	<u><u>913,859</u></u>
31 December 2021	<u><u>50</u></u>	<u><u>774,998</u></u>	<u><u>775,048</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 14b. Intangible Assets:

	<b><u>Software</u></b>
	<b><u>\$</u></b>
Cost -	
Balance at 1 January 2022	4,367,871
Addition	<u>392,500</u>
Balance at December 2022	4,760,371
Addition	<u>124,536</u>
Balance at December 2023	<u>4,884,907</u>
Depreciation and impairment losses-	
1 January 2022	3,647,081
Charge for the year	<u>176,772</u>
Balance at December 2022	3,823,853
Charge for the year	<u>170,771</u>
Balance at December 2023	<u>3,994,624</u>
Carrying amount -	
31 December 2023	<u><b>890,283</b></u>
31 December 2022	<u><b>936,518</b></u>
31 December 2021	<u><b>720,790</b></u>





## NOTES TO THE FINANCIAL STATEMENTS

### 31 December 2023

#### 15. INTEREST BEARING LIABILITIES:

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
(a) <b>Members' savings deposit-</b>		
Balance at beginning of year	404,348,875	375,177,070
Add: Deposit and transfer	<u>1,539,945,721</u>	<u>1,468,191,305</u>
	1,944,294,596	1,843,368,375
Less: Withdrawal and transfers	<u>(1,500,376,586)</u>	<u>(1,439,019,500)</u>
	<u>443,918,010</u>	<u>404,348,875</u>
(b) <b>Voluntary shares-</b>		
Balance at beginning of year	512,171,089	492,477,438
Add: Deposit and transfer	<u>225,335,597</u>	<u>178,164,560</u>
	737,506,686	670,641,998
Less: Withdrawal and transfers	<u>(184,054,986)</u>	<u>(158,470,909)</u>
	<u>553,451,700</u>	<u>512,171,089</u>
	<u><b>997,369,710</b></u>	<u><b>916,519,964</b></u>

#### 16. ACCOUNTS PAYABLE:

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Accruals (i)	19,920,970	18,704,986
Payables (ii)	18,058,063	16,570,994
Other (iii)	<u>1,986,804</u>	<u>1,385,946</u>
	<u><b>39,965,837</b></u>	<u><b>36,661,926</b></u>

(i) Included in accruals is a provisional staff incentive of \$5,676,187, (2022 - \$4,242,751) and interest on voluntary shares of \$7,989,090 (2022 - \$7,560,630).

(ii) Included in payable is an amount for unclaimed shares of \$3,550,444, GFS loan fund of \$1,276,278, GK loan fund of \$566,946, TTECH fund of \$3,022,500, fixed deposit accruals of \$850,401, World Brand Loan fund of \$954,674, standing order of \$3,391,802 and a balance of funds received from JCCUL for software development of \$1,781,701.



NOTES TO THE FINANCIAL STATEMENTS  
31 December 2023

17. MEMBERS' SHARE CAPITAL:

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Members' share capital	<u>6,109,366</u>	<u>5,725,924</u>

Permanent shares are paid in cash and are not redeemable but may be transferred or sold to another member.

18. NON-INSTITUTIONAL CAPITAL:

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Special reserve	785,737	785,736
Education reserve	214,792	214,793
Donation reserve	180,000	120,000
Share transfer reserve	85,850	80,500
Unclaimed share reserve	<u>169,914</u>	<u>169,914</u>
	<u>1,436,293</u>	<u>1,370,943</u>

19. INSTITUTIONAL CAPITAL:

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
(a) Statutory Reserve balance at beginning of year	73,638,301	69,357,420
Transferred reserve 2022	3,645,085	2,458,338
Current year transfers	<u>1,994,613</u>	<u>1,822,543</u>
	<u>79,277,999</u>	<u>73,638,301</u>
Entrance fees balance at beginning of year	82,488	50,088
Additions	<u>89,500</u>	<u>32,400</u>
Entrance fees	<u>171,988</u>	<u>82,488</u>
	<u>79,449,987</u>	<u>73,720,789</u>
(b) Capital revaluation reserve	<u>6,431,394</u>	<u>6,431,394</u>

Under the Co-operative Societies Act at least 20% of net surplus must be transferred to a statutory reserve. Members entrance fee is also credited to the statutory reserve.



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 20. RELATED PARTY TRANSACTIONS AND BALANCES:

At December 2023 nine (9) members of the Co-operative Board of Directors, ten (10) Committee and Supervisory Members and sixteen (16) connected Party had shares and savings of \$21,015,521 (2022 - \$19,954,803) and loans excluding interest totaling \$61,941,549 (2022 - \$48,872,026).

Loans excluding interest due from members of staff totaling \$19,487,754 (2022 - \$18,373,278).

During the year no Director or Committee Members received any loan which necessitated waiver of the loan policy. At December 2023, all loans owing by Directors, Committee Members and staff were being repaid in accordance with their loan agreement

Directors are appointed on a voluntary basis and are not remunerated.

### 21. LIFE SAVINGS AND LOAN PROTECTION INSURANCE:

During the year the Co-operative had life savings and loan protection with Cuna Mutual Insurance Credit Union Limited. The total premium for the year was \$2,073.473 (2022 - \$2,491,165)

### 22. BONDING INSURANCE:

Bonding insurance was in force for the year under review.





## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 23. TRANSFER AND APPROPRIATION:

	<u>2023</u> \$	<u>2022</u> \$
Statutory appropriation	1,994,613	1,822,543
Transfer to reserves 2022	3,645,085	2,458,338
Share transfer	-	-
Dividend on shares and deposits	2,899,975	3,571,105
Dividend on permanent share	567,842	333,900
Donation	<u>60,000</u>	<u>60,000</u>
	<b><u>9,167,515</u></b>	<b><u>8,245,886</u></b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**24. COMPARISON OF LEDGER BALANCES:**

	<b><u>Voluntary Shares</u></b> <b><u>\$</u></b>	<b><u>Permanent Shares</u></b> <b><u>\$</u></b>	<b><u>Deposits</u></b> <b><u>\$</u></b>	<b><u>Loans</u></b> <b><u>\$</u></b>
Balance as per general ledger	553,451,700	6,109,366	443,918,010	917,679,385
Balance as per members' ledger	<u>553,451,700</u>	<u>6,109,366</u>	<u>443,918,010</u>	<u>917,679,385</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



## APPROPRIATION OF SURPLUS

### Recommendation

		2023	
	\$		\$
Surplus December 31, 2023			9,973,065
Less: Statutory Reserve booked in 2023	1,994,613		<u>(1,994,613)</u>
Surplus			7,978,452
Add: Undistributed Surplus 1 <sup>st</sup> January 2023		1,685,478	
Additional projected for distribution 2022	7,178,564		
Actual distribution 2022	<u>(7,172,901)</u>		
		<u>5,663</u>	
			<u>1,691,141</u>
<b>Available for Distribution</b>			<b>9,669,593</b>
<b>Less:</b>			
Additional 40% Statutory Reserves	3,989,226		
Dividend on Permanent Shares @ 5%	305,468		
# of shares 6,109,366			
Additional Interest to be distributed (2.5%)	3,992,318		
Donations	<u>60,000</u>		<u>8,347,013</u>
<b>Undistributed Surplus Carried Forward</b>			<b><u>1,322,580</u></b>

### FIXING OF MAXIMUM LIABILITY

**Whereas** the Board of Directors is satisfied that the present functions of the credit union can be discharged within the limit of twelve (12) times the Credit Union's capital and reserve.

**BE IT RESOLVED THAT** as per Article XVI Rule 72, the Board of Directors may incur a liability in Voluntary Shares, deposits and/or loans from any source on such terms of payment and/or security as they think fit; provided that the total liability shall not exceed a ratio of twelve (12) times the Credit Union's Capital and provided that the members in the Annual General Meeting by resolution have fixed the maximum liability that the Board of Directors may incur.

**For and on behalf of the Board of Directors:**

**Wayne Smith**





## 54<sup>th</sup> Annual General Meeting Highlights & Education Grant Awards Ceremony 2023



*Tertiary bursary recipients gather for a photo with Grace Cooperative Union team members, from left: Claudette Facey-Redwood, Secretary; Makeda Scott, General Manager and Samuel Shelton, President of Grace Cooperative Credit Union.*



*Makeda Scott, General Manager Grace Cooperative Credit Union presents a gift basket to Dr. Curtis Sweeney, Counselling Psychologist at the Grace & Staff Development Foundation.*



*PEP bursary recipients gather for a photo with Samuel Shelton, President; Claudette Facey-Redwood, Secretary; and Makeda Scott, General Manager of Grace Cooperative Credit Union.*





*CSEC and CAPE bursary recipients gather for a photo with Samuel Shelton, President; Claudette Facey-Redwood, Secretary; and Makeda Scott, General Manager of Grace Cooperative Credit Union.*



*Grace Cooperative Credit Union staff gather for a photo at Annual General Meeting with Trophy for Credit Union of the Year Award.*





## 54<sup>th</sup> Annual General Meeting Highlights & Education Grant Awards Ceremony 2023 (cont'd)



*Camille Cadogan, Senior Loans Officer of Grace Co-operative Credit Union presents gift to member, Odian Stewart at Annual General Meeting.*



*Hector Stephenson, Director of the Jamaica Co-operative Credit Union League, hands the Father John Peter Sullivan (Small-sized) Credit Union of the Year Award to Makeda Scott, General Manager of Grace Co-operative Credit Union (GCCU).*



*All smiles! Members of the GraceKennedy Payment Services (GKPS) and Grace Cooperative Credit Union (GCCU) teams are pleased to announce their partnership. GCCU members can now maintain their credit union obligations through any BillExpress in-store, online, or through the GK ONE app! From Left are Margaret Campbell, GraceKennedy Money Services, Chief Operating Officer; Winsome Anderson, Business Network Manager, GKPS, Makeda Scott, General Manager, GCCU and Terence Slater, Strategy and Distribution Manager GKPS.*





## TEAM MEMBERS



*Makeda Scott*  
*General Manager*



*Camille Cadogan*  
*Senior Loans Officer*



*Alicia Williams*  
*Accountant*



*Chantal Hall*  
*Accounting Officer*



*Monique McLean*  
*Loans Officer*



*Brittany Williams*  
*Risk & Compliance Officer*



*Janielle Stewart*  
*Loans Officer*



*Romario Brown*  
*Accounting Clerk*



## REPORT OF THE CREDIT COMMITTEE

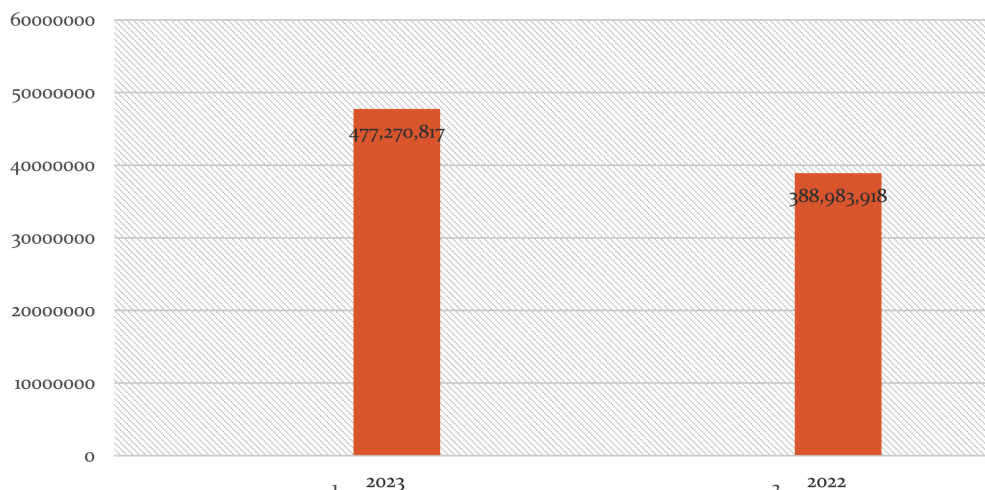
For Year Ending 31<sup>st</sup> December 2023

For the financial year 2023, Grace Co-operative Credit Union was faced with the remnants of the Covid-19 pandemic and saw a more optimistic outlook and impact on the economy. Interest rates remained low in 2023 but saw a marginal increase following the changes in the market place as the Bank of Jamaica increased its base interest rate in November 2022. This means the Credit Union will have to continue monitoring its rates and look to diversify its products' offerings to remain profitable as competition intensifies. The inflation rate was also on the rise and resulted in an increase demand for personal loans as employees sought ways to cope with the challenges being faced. The Credit Union was able to address its members' needs through its various loan offerings for the financial year.

### LOAN DISBURSEMENT - 2023

2023 performance showed growth year over year in the value of loans disbursed. The total value of loans disbursed in 2023 amounted to \$477.27m, while for the same period last year the value of loans disbursed was \$388.98m. See graph below.

Loans Disbursed 2023 vs 2022



The Credit Union disbursed 1,409 new loans in 2023 and this represents 91 fewer new loans or a decrease of 6.06% disbursed over the same period in the previous year - 2022. See table below.



Hortense Gregory-Nelson, Chairman



Natalie Billings, Secretary



Amia Brown



Felleshia Francis



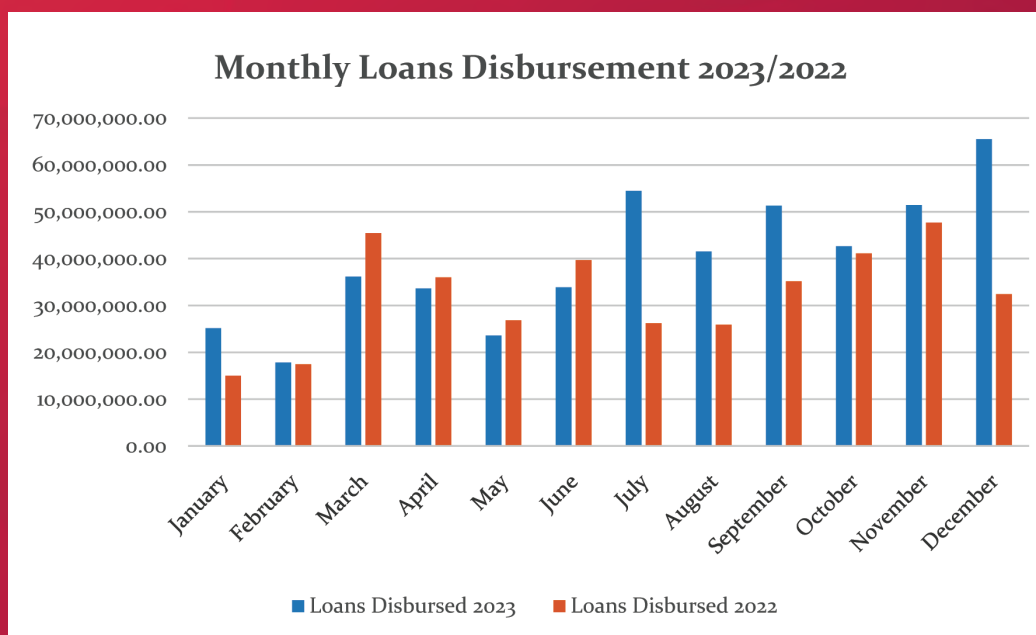
Judy-Ann Wright



**REPORT OF THE CREDIT COMMITTEE *cont'd*****TOTAL NUMBER & VALUE OF LOANS DISBURSED MONTH BY MONTH - 2023 vs 2022:**

VALUE AND NUMBER OF NEW LOANS DISBURSED 2023 VS 2022				
Month	Number of New Loans		Value of New Loans (\$m)	
	2023	2022	2023	2022
January	90	94	\$25.17	\$15.04
February	84	109	\$17.83	\$17.47
March	124	140	\$36.16	\$45.47
April	85	110	\$33.65	\$36.00
May	119	130	\$23.62	\$26.83
June	121	116	\$33.91	\$39.68
July	142	130	\$54.48	\$26.18
August	169	150	\$41.54	\$25.91
September	116	120	\$51.31	\$35.18
October	113	124	\$42.66	\$41.14
November	126	162	\$51.44	\$47.69
December	120	115	\$65.51	\$32.38
<b>Total YTD</b>	<b>1,409</b>	<b>1,500</b>	<b>\$477.27</b>	<b>\$388.98</b>

The chart below shows trend in loans disbursed month-by-month for 2023 vs 2022.







## REPORT OF THE CREDIT COMMITTEE *cont'd*

For the first six months in 2023, the value of loans disbursed by the Credit Union decreased by \$10.17m or 5.64% in comparison to the first six months in 2022. The period July to December 2023, increased by 47.23% with \$98.46m more disbursed in contrast to the same period in financial year 2022. December 2023 had the highest disbursement of \$65.51m whilst February 2023 had the lowest disbursement of \$17.82m. The 'Deals on Wheels' promotion positively impacted the demand for new car loans and the confidence of the economy returning to normalcy encouraged members to take on additional loans for Personal Needs, Home Improvement & Repairs and Debt Consolidations. The Wheels Express loans, Rescue loans, Education, Special Vacation and

Vacation & Travel loans promotions also contributed to the strong performance of the Credit Union.

### PORTFOLIO CATEGORIES

The overall performance of the loans portfolio for 2023 showed improvement year over year in the value of the loans disbursed. The top performers were Motor Vehicle loans and Personal Needs loans, Home Improvement & Repairs loans and Debt Consolidation.

The table below shows the loans disbursement for the financial year 2023 vs 2022 by category.

### LOANS DISBURSED BY CATEGORY JANUARY - DECEMBER 2023 VS 2022

CATEGORY	2023	2022
M/Vehicle - Purchase	249,002,382.07	170,794,534.00
Personal Needs	69,183,858.55	68,231,887.92
Home Imp & Repairs	49,901,363.86	42,700,714.21
Consolidation of debts	30,010,836.00	39,911,380.00
Education Expenses	17,756,937.67	20,064,445.51
Vacation & Travel	9,391,197.57	7,344,460.00
M/Vehicle Repairs/Mtn. Ins	5,747,980.00	6,155,430.74
Special Vacation Loan (Summer)	10,118,296.44	4,873,609.42
Pay Day Loan	4,166,197.50	4,831,300.00
Home Acquisition	8,380,000.00	4,288,000.00
Investment	4,723,000.00	3,515,265.00
Christmas Loan	3,176,000.00	2,858,000.00
Utilities	1,309,500.00	2,702,382.00
Furniture & Appliance	5,447,000.00	2,184,000.00
Funeral	550,000.00	1,520,000.00

**REPORT OF THE CREDIT COMMITTEE *cont'd***

CATEGORY	2023	2022
Agriculture	0.00	1,500,000.00
Marriage	1,880,000.00	1,450,000.00
Medical Expenses	2,649,000.00	1,302,000.00
Easter Loans	1,846,900.00	995,000.00
Special Back to School	325,000.00	665,000.00
Technology Loan	359,000.00	650,000.00
Professional Fees	279,000.00	300,000.00
Line of Credit Facility - Draw Downs	178,000.00	127,000.00
Transportation & Haulage	0.00	11,000.00
Refinancing of Loans	889,367.87	8,510.00
<b>TOTAL</b>	<b>477,270,817.53</b>	<b>388,983,918.80</b>

The major contributors to the Credit Union loan portfolio in 2023 were:

- Motor Vehicle loans dominated the categories with \$249.00m, showing an increase of \$78.21m or 45.79% year over year.
- Personal Needs with \$69.18m contributed 14.50% to the loan portfolio even with a miniscule 1.40% increase over \$68.23m in 2022. This accounted for 807 of the 1,409 loans issued during the period.
- Home Improvement & Repairs increased significantly by 16.86% from \$42.70m in 2022 to \$49.90m in 2023.
- Debt Consolidation decreased by 24.81% with \$30.01m disbursed in 2023 compared to \$39.91m in 2022.
- Education Expenses, down 11.50% moving from \$20.06m in 2022 to \$17.75m in 2023.
- Furniture & Appliances was up 149.40% moving from \$2.18m in 2022 to \$5.44m in 2023.
- Special Vacation loan (Summer) grew 107.61% from \$4.87m in 2022 to \$10.18m in 2023.
- Home Acquisition increased 95.43% from \$4.28m in 2022 to \$8.38m in 2023.
- Vacation and Travel loans increased by 27.87% from \$7.34m in 2022 to \$9.39m in 2023.
- Medical Expenses increased by 103.46% from \$1.30m in 2022 to \$2.64m in 2023.



## REPORT OF THE CREDIT COMMITTEE *cont'd*

### GENERAL

Whilst Motor Vehicle and Personal Needs loans continues to be the top performers, the Credit Union will have to continuously monitor the loan portfolio and adjust the rates and product offering to ensure our continued viability in supporting the other needs of our members. The Credit Union should also continue to find creative ways to secure its income by attracting more loans and investments from members, despite sharp competition from other related entities and the economic impact of the Covid -19 Pandemic.

The Credit Union should continue to employ the following initiatives in an effort secure business:

- Constant monitoring of the competitive environment to ensure that we keep up to date with market conditions
- Creating and reviewing products to ensure relevance to members' needs and making changes to address those needs.
- Ongoing member education & recruitment program
- Use of email and Cybervillage to showcase products

- Capturing information on system accurately i.e., loan purpose
- Being proactive in discussing financial options and solutions with members

The Credit Committee wishes to thank the Board of Directors, the Management and Staff of the Credit Union and other Committee members for their support during the financial year 2023 as together we exercised oversight responsibility for the loans approved by the Credit Union. A special thank you to our members for their support during the year and we look forward to their continued support in 2024.

### The Serving Members of the Committee are:

**Hortense Gregory-Nelson** - Chairman

**Natalie Billings** - Secretary

**Amia Brown** - Member

**Felleshia Francis** - Member

**Judy-Ann Wright** - Member





## REPORT OF THE SUPERVISORY COMMITTEE

For Year Ended December 2023

The Supervisory Committee is responsible for providing oversight of the internal audit function as performed by the Centralized Strategic Services Limited (CSSL), a member of the Jamaica Co-operative Credit Union League (JCCUL) and for reviewing the effectiveness of the internal controls and risk management practices. The committee is accountable to the Board of Directors to provide reasonable assurance that risks are being adequately managed. Additionally, the committee also provides oversight as it relates to Grace Cooperative Credit Union (GCCU) vulnerabilities within regulatory controls and its mode of operation. The committee members were elected at the last Annual General Meeting (AGM) and after the required regulatory meeting, they served in the following capacities:

Mr. Andre Spencer	-	Chairman
Mr. Donovan Stevenson	-	Secretary
Mr. Robert Arthurs	-	Member
Miss Kerline Redwood	-	Member
Mr. Leighton Grant	-	Member

The audits planned and scheduled for 2023 - 2024 were conducted by CSSL and the Supervisory Committee, focusing on the following areas:

- 1) AML/CFT Review
- 2) Collateralized Securities Review
- 3) Emortelle Application Review

Additionally, the committee continues to provide oversight for loan applications made during the period under examination. We found in our oversight role that the relevant controls for processing to be satisfactory.

Audit findings generated from various reviews are being addressed by management and tracked periodically by the Committee to verify that audit findings are implemented in a timely manner. Management submits a Monthly Management Update (MMU) report using the Team Mate Plus application to the GraceKennedy Limited Audit Committee through its Group Internal Audit Department.



Andre Spencer, Chairman



Donovan Stephenson, Secretary



Robert Arthurs



Kerline Redwood



Leighton Grant



## **REPORT OF THE SUPERVISORY COMMITTEE *cont'd***

With the implementation of the IT Committee as recommended by the CSSL review in 2023, GCCU is prepared to commence registration under the Data Protection Act as at June 2024. The committee members will continue to execute responsibilities as best as possible.

We wish to sincerely thank the Board of Directors, Credit Committee, Management Team and the courtesies extended by the members of staff of the Credit Union during the year in enabling us to perform our task.

Finally, thank you to the members of this committee for serving in their respected capacities as outlines.

***Mr. Donovan Stephenson***  
***Secretary***



## REPORT OF THE NOMINATING COMMITTEE

to the 55<sup>th</sup> Annual General Meeting

In accordance with Article 11 Rule #63 (i) the Board of Directors of Grace Co-operative Credit Union Limited appointed a Nominating Committee, which comprised the following persons:

Mr. Samuel Shelton	-	Chairperson
Ms. Camille Cadogan	-	Secretary
Ms. Brittany Williams	-	Risk and Compliance Officer

The Nominating Committee reports as follows:

### Board of Directors

Retiring	Recommended	Term
Mr. Wayne Smith	Ms. Fellechia Francis	2 years
Mr. Gerron Thomas	Mrs. Natalie Billings	2 years
Mr. Damian Lovelace	Mr. Damian Lovelace	2 years
Ms. Maria Lewis	Ms. Maria Lewis	2 years
Mrs. Claudette Facey-Redwood	Mr. Kevin Webster	2 years

Not Retiring	Recommended	Term
Mr. Samuel Shelton	Mr. Samuel Shelton	1 year
Dr. Stanley Beckford	Dr. Stanley Beckford	1 year
Ms. Melisha Gordon	Ms. Melisha Gordon	1 year
Mrs. Marsha Cope Riley	Mrs. Marsha Cope Riley	1 year

### Credit Committee

Retiring	Recommended	Term
Mrs. Natalie Billings	Ms. Kadeanne Hylton	2 years



**REPORT OF THE NOMINATING COMMITTEE *cont'd*****Credit Committee**

<b>Retiring</b>	<b>Recommended</b>	<b>Term</b>
Ms. Amia Brown	Ms. Amia Brown	2 years
Ms. Judy-Ann Wright	Ms. Judy-Ann Wright	2 years
Ms. Fellechia Francis	Ms. Tishan Riley	2 years
	Mr. Kevin Miles	2 years
	Mr. Terence Slater	2 years
<b>Not Retiring</b>	<b>Recommended</b>	<b>Term</b>
Mrs. Hortense Gregory-Nelson	Mrs. Hortense Gregory-Nelson	1 year

**Supervisory Committee**

<b>Retiring</b>	<b>Recommended</b>	<b>Term</b>
Ms. Kerline Redwood	Ms. Latoya Gooden	1 year
Mr. Donovan Stephenson	Ms. Colleen Bancroft	1 year
Mr. Andre Spencer	Ms. Stacy-Ann Taylor	1 year
Mr. Robert Arthurs	Ms. Alleya Stephenson	1 year
Mr. Leighton Grant	Ms. Althea Hibbert	1 year

**Delegates to the League and other Societies**

To be determined by the Board and Manager

***Camille Cadogan (Ms.)***  
***Secretary***



## NEW NOMINEES



### Kevin Webster

Mr. Kevin Webster has been employed to GraceKennedy since 2003. He currently holds the position of Applications Manager at GK Foods Ltd. He is an IT professional with over 25 years of comprehensive experience including Project Management, IT Service and Applications Management, Business Process Improvement and Business Continuity. Mr. Webster previously volunteered on the Grace Coop Credit Union Supervisory Committee for 6 years between 2013 and 2019. He holds a Diploma in Business Administration from the University of Technology and is currently pursuing a Master's Degree.



### Kadeanne Rennie

Ms. Kadeanne Rennie is an Accountant at GraceKennedy where she has worked for the past 11 years. During this time, she has also held positions such as Reconciliation Officer and Accounts Payables and Receivables Officer. She holds a Bachelor of Science in Accounting and Economics from the University of Technology.



### Tishan Riley

Ms. Tishan Riley is an experienced HR Practitioner who has a superior understanding of HR policies and procedures. She possesses strong strategic and leadership capabilities with over 20 years of experience in Compensation and Benefits, Payroll Management, Auditing and Compliance and Process Reengineering. Ms. Riley holds a MBA in Business Administration with Specialism in Strategy from the Heriot Watt University (Edinburgh Business School) and a Bachelor of Science in Business Administration at the University of the Commonwealth Caribbean where she majored in Accounting and Finance Management.



## **NEW NOMINEES** *cont'd*



### **Terence Slater**

Mr. Terence Slater is the Regional Manager for GraceKennedy Payment Services with over 20 years of experience in the planning and execution of commercially viable projects. He is a team-oriented, growth-focused commercially savvy business leader who has contributed to cumulative revenue growth of more than 25% over a three-year period. Mr. Slater holds a MBA in International Business from the University of the West Indies and a Bachelor of Science in International Relations and Economics.



### **Colleen Bancroft**

Ms. Colleen Bancroft is a Human Resource Manager at GK Foods & Services Ltd (Manufacturing). She currently serves on several committees and holds a MBA from Manchester Business School and a Doctor of Philosophy in Industrial/Organizational Psychology from Walden University. Ms. Bancroft is a resourceful business partner who has collaborated with executives in manufacturing entities over the last 20 years to maintain lean organizational structures and implement engaging HR practices that have enhanced operational efficiencies and employee experience.



### **Latoya Gooden**

Ms. Latoya Gooden joined GraceKennedy's Central Finance Unit in 2021 as Senior Cash Processing Officer. She obtained her Bachelor's degree in Business Studies at the University of Technology and is currently pursuing her MBA at the University of London. She has over 13 years of comprehensive experience in the financial sector and brings a wealth of expertise to this portfolio. Ms. Gooden is self-motivated and efficient with a valuable track record in business development and account management strategies.





### **Stacy-Ann Taylor**

Ms. Stacy-Ann Taylor is an Accountant at GraceKennedy Ltd with 18 ongoing years of experience in the accounting field. She has held various positions including Reconciliation Officer, Accounting Officer, Payroll Officer and Filing Clerk. Ms. Taylor's educational qualifications include a MBA from the Mona School of Business and Management and a Bachelor's degree in Business Administration at the University of Technology where she majored in Accounting.



### **Kevin Miles**

Mr. Kevin Miles possesses a broad array of certifications and specialized training in Information Technology. He is an IT professional with over 20 years of experience. Mr. Miles is an expert manager of technical support operations and a process improvement champion who focuses on promoting optimal performance, reliability and security across core business systems.



### **Alleya Stephenson**

Ms. Alleya Stephenson started her career at GraceKennedy in 2005 as Category Manager. She now holds the position of Head of Product Design & Development where she leads the innovation process with a team of Project Managers responsible for new products, reformulations and packaging renovations of Caribbean food and beverage products sold in multiple countries. Ms. Stephenson attained her MBA at the University of Central Florida and Bachelor of Science at the University of Tampa.



### **Althea Hibbert**

Ms. Althea Hibbert is a Physical Security Professional and a Certified Occupational Safety Specialist. She joined Logistical Distribution & Services Ltd in 2011 where she holds the position of Safety and Security Manager. Ms. Hibbert has a Bachelor of Science in Business Administration where she majored in Finance and Management with Honors.

**ATTENDANCE REGISTER** | *54<sup>th</sup> Annual General Meeting - June 14, 2023*

1. Kevin Miles	31. Orlean Mears	61. Terry-Ann Graver
2. Delton McKenzie	32. Lorne Phillips	62. Kamaal Johnson
3. Fitzroy Blake	33. Lorna Reynolds-Minott	63. Veronica Williams
4. Claudette Facey-Redwood	34. Gillian Thorpe Murray	64. Rene Wynter
5. Hortense Gregory-Nelson	35. Claudette Taylor	65. Gerron Thomas
6. Andre Spencer	36. Monique Mclean	66. Geta Birthfield
7. Natalie Anglin	37. Sharneal Tulloch	67. Clair Wilson
8. Odian Stewart	38. Romario Brown	68. Winsone Anderson
9. Orville Levene	39. Anicee Gray-Brown	69. Jellisa Martin
10. Christopher Bond	40. Racquel Francis-Smith	70. Dwayne Harvey
11. Oniel Brown	41. Kaydeanne Hylton	71. Terrence Slater
12. Samuel Shelton	42. Jahmelina Trail-Smith	72. Stacy-Ann Taylor
13. Kristen Clarke	43. Loreen Grace	73. Dale Beckford
14. Marsha Cope-Riley	44. Shanna Wiggan-Gordon	74. Aggrey Palma
15. Maria Lewis	45. Yulando Ramsay	75. Nadine Butler
16. Andrew Coulton	46. Jhonelle Johnson-Thompson	76. Paul Gunning
17. Eric Hayden	47. Makeda Allen	77. Nicole Davis
18. Jermaine Gordon	48. Sasha Garriques	78. Corine Notice Parks
19. Akilah Nangwaya-Walker	49. Makeda Scott	79. Dorrette Gordon
20. Chantal Hall	50. Damian Lovelace	80. Richard Riley
21. Janielle Stewart	51. Alicia Williams	81. Naomi Holness
22. Marcia Wilson	52. Veronica Wade	82. Andrene Clarke
23. Michelle Mason	53. Wendy Solomon Scott	83. Roxon Drummond
24. Jerry Hamilton	54. Tiffany Johnson	84. Alex O'Gilvie
25. Latoya Gooden	55. Kristen James	85. Amia Brown
26. Tishan Rile	56. Christine Morris	86. Natalie Bailey-Johnson
27. Melissa Grey	57. Natresha Daley	87. Lance Baile
28. Marsha Small Lindsay	58. Karlene Burgess	88. Jody-Ann Barnett
29. Kerline Redwood	59. Monique Williams	89. Trishell Barrett
30. Terry-Ann Grant-Thompson	60. Dwayne Ferguson	90. Lenworth Beckford



- |                             |                             |                                 |
|-----------------------------|-----------------------------|---------------------------------|
| 91. Stanley Beckford        | 121. Jennifer Henderson     | 151. Kerry-Ann Smith            |
| 92. Donovan Brown           | 122. Ishia Higgin           | 152. Genieve Sundar             |
| 93. Leslie-Ann Brown        | 123. Carlene Holness        | 153. Christine Thomas           |
| 94. Charlene Campbell Blake | 124. Tashane Howell         | 154. Errol Thompson             |
| 95. Craig Chin              | 125. Tiffany Hudson         | 155. Sandra Todd                |
| 96. Carrol Christian        | 126. Jody-Ann Hutchinson    | 156. Natalee Tullong            |
| 97. David Clarke            | 127. Moneshe Hutchinson     | 157. Dorothy Turner             |
| 98. Lois Cohall-Hudson      | 128. Sydoney Johnson        | 158. Karen Walker               |
| 99. Renee Cole              | 129. Tiffany Johnson        | 159. Nastassia Wallace          |
| 100. Ayesha Cooke           | 130. Peta-Gaye Lewis-Smythe | 160. Sabrina Watson             |
| 101. Ayen Crooks            | 131. Ermin Lim Sang         | 161. Sharon Wellington          |
| 102. Magnus Cunningham      | 132. Hyacinth Llewellyn     | 162. Beverley Wright            |
| 103. Cordell Daley          | 133. Lavern Llewellyn       | 163. Judy-Ann Wright            |
| 104. Storm Daley            | 134. Michelle Lyew Sang     | 164. Britannia Facey            |
| 105. Arlene Davis           | 135. Joan McDonald          | 165. Charmaine Johnson Robinson |
| 106. Sandrina Davis         | 136. Yanique McFarlane      | 166. Deshawn Cooke              |
| 107. David Dean             | 137. Jacqueline McKenzie    | 167. Jason Banton               |
| 108. Nordia Fearon          | 138. Nadia McKoy            | 168. Louis Ferigon              |
| 109. Bianca Ferguson        | 139. Anward Montague        | 169. Patrick Swaby              |
| 110. Marlon Ferguson        | 140. Monique Morgan-Thomas  | 170. Renardo Peddie             |
| 111. Demone Francis         | 141. Hope Mowatt            | 171. Shakera Henry              |
| 112. Fellechia Francis      | 142. Sherene Nooks Samuels  |                                 |
| 113. Dwight Fraser          | 143. Tafara Raby            |                                 |
| 114. Terrian Fraser         | 144. Veronica Ralliford     |                                 |
| 115. Gerald Gentles         | 145. Karen Reid             |                                 |
| 116. Gracian Grant          | 146. Renea Taylor           |                                 |
| 117. Leighton Grant         | 147. Jane Richard           |                                 |
| 118. Natalie Hall           | 148. Ritchie McCalla        |                                 |
| 119. Venesice Harris        | 149. Simon Roberts          |                                 |
| 120. Santeena Hayles        | 150. Sophia Robinson-Burke  |                                 |





## CONTACT PERSONS LIST

### COMPANY

Hardware & Lumber Limited  
Allied Insurance Brokers Limited  
Carib Star Shipping  
CMA CGM (Jamaica) Limited  
Dairy Industries (Ja) Limited  
First Global Bank  
Grace Agro Processors  
NALCAN  
GFP Meat  
Grace Foods International  
Grace Foods Central  
Gateway Shipping International  
GraceKennedy Remittance Services  
Hi-Lo Food Stores  
GK General Insurance Company Ltd.  
Kingston Wharves Limited  
World Brands Services  
Kingston Freeport Terminal Limited  
Corporate Communication  
Corporate HR Dept.  
GK Financial Group  
Customer Service/Credit Dept. (GFS)  
Facilities Management  
Grace Food & Services  
Grace & Staff Community Dev  
Group Secretariat  
Perez Y Cia (Ja) Limited  
tTech Limited  
Logistical Distribution & Services Ltd.  
Consumer Brands Limited  
Key Insurance Company Ltd.  
UMS

### NAME

Ms. Dorrette Gordon  
Ms. Mizan Mitchell  
Ms. Lecia Bennett  
Ms. Carolyn Bell  
Ms. Colleen Bancroft  
Ms. Judene Josephs  
Mrs. Hyacinth Alexander  
Mrs. Hyacinth Alexander  
Ms. Lois Hudson  
Ms. Orlean Mears  
Ms. Orlean Mears  
Mr. Loxley Tulloch  
Ms. Stacy-Ann Nelson  
Ms. Lorraine Robinson  
Ms. Kaydene DeSilva  
Ms. Denise Walcott-Samuels  
Ms. Marcia Daley  
Ms. Caron Anderson  
Ms. Veronica Wade  
Ms. Mikhaila Lewars  
Ms. Tiffany Stevens  
Mr. Damian Lovelace  
Mr. David Dean  
Mrs. Waynette Brown-Campbell  
Ms. Sandrina Davis  
Mrs. Lavern Llewellyn  
Ms. Keisha Bisnott  
Mrs. Hortense Gregory-Nelson  
Ms. Janet Smith  
Mr. Kenny-Dee Bryan  
Ms. Kaydene DeSilva  
Ms. Tasha Nembhard



# Notes



# Notes