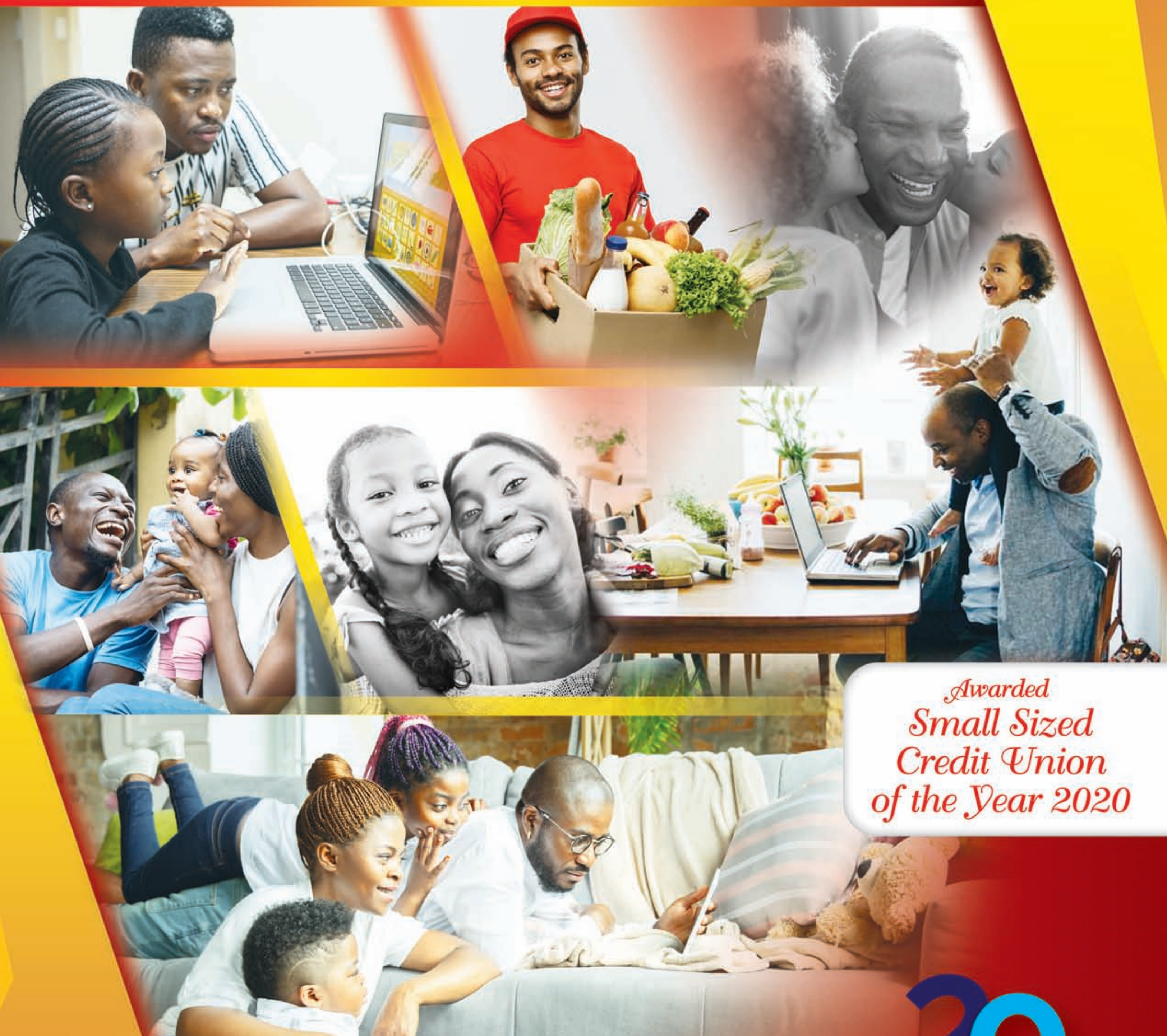
GRACE CO-OPERATIVE CREDIT UNION LIMITED



Awarded
Small Sized Credit Union of the Year 2020

ANNUAL REPORT 2020

52nd Annual General Meeting

We are always here for you!


QUALITY SINCE 1922
Grace
taste that MOVES you
Grace Kitchens congratulates
Grace Co-operative Credit Union
on the 52nd staging of their
Annual General Meeting.
GRACE COOPERATIVE
CREDIT UNION LIMITED
We are always here for you!
Credit Unions

GCCU Vision

To be the trusted Financial Partner of choice for GraceKennedy employees and other members.

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.

2020 ANNUAL REPORT

Grace Co-operative Credit Union Limited

FIVE YEARS STATISTICS

for Period 2016 to 2020

	2020	2019	2018	2017	2016
PERMANENT SHARES	2,231,000	2,186,000	2,137,000	2,088,000	2,088,000
VOLUNTARY SHARES	437,671,488	391,682,668	372,655,582	360,333,588	342,242,992
% Increase over prior year	11.74%	5.11%	3.42%	5.29%	6.09%
INSTITUTIONAL CAPITAL	72,794,407	69,982,452	68,089,031	63,671,904	61,768,070
% Increase over prior year	4.02%	2.78%	6.94%	3.08%	2.76%
LOANS TO MEMBERS (Gross)	630,794,756	619,025,762	530,729,522	526,148,488	468,498,496
% Increase over prior year	1.90%	16.64%	0.87%	12.31%	5.51%
TOTAL ASSETS	909,831,658	783,388,007	750,577,302	674,549,435	620,891,525
% Increase over prior year	16.14%	4.37%	11.27%	8.64%	9.60%
CURRENT ASSETS ****	228,820,264	113,610,927	155,109,675	105,984,800	111,881,088
CURRENT LIABILITIES ****	826,368,522	703,022,313	674,671,875	598,878,068	550,770,305
INCOME AND SURPLUS					
INCOME	79,217,416	74,348,200	70,765,942	71,607,907	66,059,512
% Increase over prior year	6.55%	5.06%	-1.18%	8.40%	6.33%
EXPENSES	70,976,498	67,029,052	67,975,423	61,611,822	60,265,339
SURPLUS	6,991,014	7,036,759	2,384,344	9,414,731	5,548,192
% (Decrease)/Increase over prior year	-0.65%	195.12%	-74.67%	69.69%	2.25%
UNDISTRIBUTED SURPLUS	7,133,286	6,937,799	3,428,991	8,644,020	4,891,707
RESERVES	67,667,456	64,810,501	63,908,042	58,507,953	56,710,119

RATIOS	2020	2019	2018	2017	2016
CURRENT ASSETS	0.28:1	0.16:1	0.23:1	0.18:1	0.20:1
SURPLUS TO INCOME	8.83%	9.46%	3.37%	13.15%	8.40%
EXPENSES TO INCOME	89.60%	90.16%	96.06%	86.04%	91.23%
INCOME TO TOTAL ASSETS	8.71%	9.49%	9.43%	10.62%	10.64%
SURPLUS TO TOTAL ASSETS	0.77%	0.90%	0.32%	1.40%	0.89%
UNDISTRIBUTED SURPLUS TO SHARE CAPITAL	0.78%	0.89%	0.46%	1.28%	0.79%
MEMBERSHIP	2187	2180	2127	2090	2756
BORROWERS	1137	1167	1174	1192	1312
BORROWERS TO MEMBERSHIP	51.99%	53.53%	55%	57.03%	47.61%

Notice of Annual General Meeting

Dear Valued Members,

Notice is hereby given that the 52nd Annual General Meeting of the Grace Co-operative Credit Union Limited will be held on Wednesday, July 28, 2021 at 2:00pm for members to transact the ordinary business of the society and table special resolutionsfor virtual-only and hybrid meetings.

In adherence to the COVID-19 pandemic restrictions and protocols, members are invited to register and attend the meeting online. For further information on the special resolution, Annual Report 2020 and to register for the Annual General Meeting please visit our website at **www.gracecreditunion.com** or call our office at (876) 932-3507-9.

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

AGENDA

1. Ascertainment of a quorum
2. Resolutions
3. National Anthem
4. Notice convening Annual General Meeting
5. Prayer
6. Welcome and apologies for absence
7. Confirmation of Minutes of the 51st Annual General Meeting
8. 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
9. 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
10. Any other Business
11. Gate Prizes
12. Adjournment

MINUTES

MINUTES OF THE 51st ANNUAL GENERAL MEETING OF GRACE CO-OPERATIVE CREDIT UNION LIMITED HELD ON WEDNESDAY, DECEMBER 16, 2020 AT THE JAMAICA CONFERENCE CENTRE, 14-20 PORT ROYAL STREET, KINGSTON

ASCERTAINMENT OF QUORUM, CALL TO ORDER

Having ascertained that a quorum was present, Chairman Jerry Hamilton called the meeting to order at 5:00 p.m. One Hundred members were present.

NATIONAL ANTHEM

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

PRAYER

Gilroy Graham led the meeting in the Prayer of St. Francis of Assisi.

NOTICE CONVENING ANNUAL GENERAL MEETING

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

WELCOME & APOLOGIES FOR ABSENCE

Members present in the Conference Centre and virtually were welcomed by President Jerry. Special welcome was extended to our Specially invite guests:

- Specially invited guests:

Tresann Thompson	-	Department of Co-operative & Friendly Societies
Nicole Scott	-	Department of Co-operative & Friendly Societies
Kleo-ann Errar	-	Jamaica Co-operative Credit Union League
Katrina D'Aguilar	-	Jamaica Co-operative Credit Union League
Howard Irons	-	Gilbert Thompson & Company (Auditors)

Apologies for absence were tendered on behalf of:

Simon Roberts

Stanley Beckford

E. Christopher Bond

Damian Lovelace

Kamara Moodie

MINUTES *cont'd*

CONFIRMATION OF THE MINUTES OF THE 50th ANNUAL GENERAL MEETING AND MATTERS ARISING

President Jerry Hamilton carried the meeting through the confirmation of the Minutes of the 50th Annual General Meeting held on June 6, 2018. It was taken as read on a motion by Shawn Thompson Powell and seconded by Charmaine Creary.

A motion to accept the Minutes as circulated was proposed by Marcia Wilson and seconded by Tishan Riley.

REPORTS

a) Report of the Board of Directors

The Report of the Board of Directors for the year 2019 was read by the President, Jerry Hamilton.

The highlights were as follows:

The President reported that despite its challenges, the financial year 2019 was a favourable one for the Grace Co-operative Credit Union. In spite of the competitive financial and the low interest rate regime which dictated earnings from loan and investment incomes, the Credit Union achieved a surplus of $7M. That was 195% more than the $2.4M earned in 2018.

The President went on to report that during the year, the strategic focus of the Board of Directors and Management focused on:

- Upgrading and improving the operating software
- Assessing and strengthening controls, processes and operational efficiencies
- Improving product offerings to members
- Updating membership records.
- Preparing for the pending BOJ regulations of Credit Unions

In the last quarter of 2019, the Credit Union relocated from 64 Harbour Street to 69 ½ Harbour Street.

Savings Deposits

At the end of December 2019, members' savings increased by 3%, moving from $268.5M to $277M. That could be attributed to members seeking higher interest-bearing investments in a relatively low interest rate environment. In comparison, the Credit Union movement's annual savings growth rate was 7.54%. Nevertheless, interest rates on Fixed Deposits and Golden Harvest savings products were adjusted during the year to maintain competitiveness.

Loans and Total Assets

The loans portfolio grew by 17% in 2019 to $619M, moving from $531M at the end of 2018. That compared favourably with the performance of the Credit Union movement, which experienced average loans growth of 12.16% in 2019.

The Total Assets portfolio increased by 4%, moving from $751M in 2018 to $783M at the end of December 2019.

Delinquency

The delinquency ratio remained within the targeted 1% for most of the year, ending at 0.99% at December 2019. The Credit Union continued to utilize the services of an External Collector in the recovery of delinquent debts.

Liquidity

Maintaining the liquidity ratio above the PEARLS target of 20% remained a goal of the Credit Union. At December 31, 2019, the ratio was 18%.

MINUTES *cont'd*

That performance was influenced by the increased levels of loans coupled with the marginal growth in savings during the year.

Membership
At the end of 2019, membership stood at 2,180, moving from 2,127 at the end of 2018.

Education Grants
In 2019, the Credit Union continued the tradition of providing grants to children of members of the Credit Union. Of the 28 applications received 14 students received bursaries, broken down as follows:

- 6 who have completed at PEP level
- 5 at Secondary level
- 3 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

Jerry Hamilton - President
Gilroy Graham - 1st Vice President
Christopher Bond - 2nd Vice President
Eric Mardner - Treasurer
Karen Walker - Assistant Treasurer
Claudette Facey-Redwood - Secretary
Stanley Beckford - Assistant Secretary
Simon Roberts - Director
Malindo Wallace - Director

Supervisory Committee

Angela Lawrence - Chairperson
Kevin Webster
Robert Arthurs
Camille N Smith
Kamara Moodie

Credit Committee

Damian Lovelace - Chairman
Hortense Gregory-Nelson
Maria Lewis
Natalie Billings
Kerian Nepaul Haughton

Attendance of Directors At Board Meetings
Six 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
Jerry Hamilton	6	6	0
Gilroy Graham	6	6	0
Christopher Bond	6	5	1
Eric Mardner	6	6	0
Karen Walker	6	4	2
Claudette Facey-Redwood	6	4	2
Stanley Beckford	6	4	2
Simon Roberts	6	4	2
Samuel Shelton	3	2	1

MINUTES *cont'd*

Human Resources and Training
The Credit Union staff continued to work diligently to serve the members to achieve their financial goals. Training in 2019 centred primarily around POCA training on CPD Online and cross-training among staff.

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

- Jeffrey Marshall
- Cynthia Allen
- Ernest Gooden
- Karen Silvera

Condolences were extended to the family members.

Future Plans
As the Board, Management, staff and other volunteers of the Credit Union continue on the path of readiness for the impending supervision by the Bank of Jamaica, improving efficiencies, strengthening processes and controls will be the focus going forward.

The Credit Union will remain proactive and implement strategies that will be in the best interest of the members. The Credit Union will remain steadfast and seek opportunities that will strengthen and improve the product offerings. The Credit Union remains commitment to continue to assist our members to achieve their personal financial goals by providing efficient and quality service.

Acknowledgements
In closing, the President acknowledged the commitment and support of the Board and other volunteers for providing oversight of the Credit Union. Special thanks were extended to Ms. Malindo Wallace for her services to the Credit Union and who had resigned from the Board during the year. She was replaced by Samuel Shelton.

Appreciation was also extended to the following persons and institutions who have contributed to the success of the Credit Union:

- 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) Limited
- Credit Union Fund Management Company
- 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 Robert Arthurs and Maria Lewis.

The Motion was carried.

b) (i) Auditor and Treasurer's Reports

<u>Auditor's Report</u>
On a motion by Claudette Facey Redwood and seconded by Racquel Blake, the meeting agreed to take an abridged version of the Auditor's Report.

MINUTES cont'd

The Auditor's Report was read by Howard Irons.

On a motion by Lorraine Barclay and seconded by Kerline Redwood, the Auditor's Report was adopted.

The Motion was carried.

Treasurer's Report
The Treasurer's Report was presented by Eric Mardner.

The Credit Union received $63.4M in interest on loans, $3.4M in investment income, and $7.6M non-interest income which represented fee income and commission. The total interest income of $66.8M represented an increase of $2.4M or 4% when compared with the previous year.

The assets were $783M at the year ended 2019 up from $751M in 2018, an increase of $32M. Loans less allowance for losses increased by $88M from $531M in 2018 to $619M in 2019, an increase of 17%. Liquid assets decreased from $151M to $109M in 2019, a reduction of 28%.

In closing, the Treasurer advised that the Management and Board continue to make the changes to meet the requirements of the Bank of Jamaica when they assume the role of direct supervisor of local Credit Unions in Jamaica.

The Treasurer further advised that the growth in loan to member suggested that the Credit Union continued to be very relevant to its members despite the many alternatives in the financial market. The management and Board of Directors are committed to providing financial solutions that will positively impact the quality of living of its members.

The Treasurer extended appreciation to the hard-working management and staff of the Credit Union for their efforts and dedication during the year. The Treasurer also acknowledge the efforts and support of the members of the Board. Appreciation was also expressed to the members of the Credit Union for making Grace Co-operative, the Credit Union of their choice.

The Treasurer's Report was adopted on a motion by Lorraine Barclay and seconded by Kaydene DeSilva.

The Motion was carried.

(ii) Appropriation of Surplus
The Report on the Appropriation of the Surplus was accepted on a motion by Vinnette Williams and seconded by Shawn Thompson Powell.

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, 2019 was $7 million. After the 20% Statutory Reserve, the amount available for Distribution was $6.9 million. However, after deducting Additional Statutory Reserve of 20%, Dividend on Permanent Shares, Additional Interest and Donations, the Undistributed Surplus was $1.5 million.

The Treasurer advised that the Additional Interest to be distributed of 2.8% was an attractive rate.

Motion for the adoption of the Declaration of Surplus was proposed by Marsha Lindsay and seconded by Jean Grant.

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.

MINUTES *cont'd*

Motion for the maximum liability of the Credit Union to be capped at 12 times the Credit Union's capital and reserve was proposed by Peter Forrester and Keisha Forrest Meeks.

The Motion was carried.

c) Nomination of Auditors

The Board of Directors recommended that the Auditors for the new year remain at Gilbert Thompson & Co. That was accepted on a motion by Marsha Cope Riley and Shauna Douglas.

The Motion was carried.

d) Credit Committee Report

On a motion by Kaydene DeSilva and seconded by Natalie Billings the Report of the Credit Committee was taken as read.

The Report of the Credit Committee was presented by Maria Lewis.

Highlights of the Report:

A total of 1,789 loans was disbursed as at December 31, 2019. That represented a decline of 125 new loans or a reduction of 7% fewer loans disbursed over the same period in the previous year which was 1,914 loans.

The total value of loans disbursed during the period was $319.02m, while for the same period last year, the value of loans disbursed was $286.86m. That reflected an increase of approximately $32.17m or 11.21% increase over the amount disbursed in 2018.

For the year 2019, there was an overall increase in the value of loans approved by the Credit Union in comparison to 2018. A total of $319.02m was disbursed in 2019 compared to $286.86m in the corresponding period. The months of January, February, May, July, October and December showed an increase with March, April, June, August, September and November showing a decline in the amount disbursed month over month. Motor Vehicle loans continued to dominate the categories with $128.71m YTD, showing a growth of $5.23m or 4.24% year over year. Personal Needs increased 13.57% in 2019 from $53.33m (2018) to $60.57m (2019). Debt Consolidation also showed significant growth year over year with $42.85m disbursed in 2019 compared to $24.19m in 2018.

The overall increase in the loans portfolio during 2019 was due to the increased demand for Personal Needs Loans, Motor Vehicle loans and Debt Consolidation.

Motor Vehicle Purchase, Personal Needs, Debt Consolidation Home Improvement and Repairs, Consolidation of Debt, and Education Expenses continued to be the top performers in the loan portfolios of the Credit Union.

As at December 2019, Motor Vehicle Purchases capped the portfolio in dollar value with disbursements valued at $128.71m, an increase of 4.2% year over year.

Personal Needs loans were second with $60.571m disbursed for the period compared to $53.31m in 2018. That represented a 13.57% growth year over year, despite fewer number of loans disbursed in 2019 (933) vs 2018 (1003).

Loans for Debt Consolidation outperformed all other categories with a 77.21% increase year over year. Disbursed amount increased from $24.18m in 2018 to $42.85m in 2019.

Home Improvements and Repairs loans were up 9.38% YTD with disbursements totaling $26.59m in comparison to $24.31m last year.

MINUTES cont'd

The Loan Category showing significant growth was Technology loans with 579.99% growth year over year. It grew from $623,923.00 to $4,242,628.05.

In closing, 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.

The Credit Union must 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 of market conditions
- Creating and reviewing products to ensure relevance to members' needs and making changes to address those needs.
- Ongoing member education and recruitment program
- Use of email and Cyber village to showcase products
- Capturing information on system accurately, that is, loan purpose
- Being available to discuss financial options and solutions with members

On a motion by Jean Grant and Marsha Cope Riley, the Report of the Credit Committee as adopted as read.

The Motion was carried.

e) Supervisory Committee Report

The Report of the Supervisory Committee was presented by Robert Arthurs.

On a motion by Jasmin Farmer and seconded by Marsha Cope Riley, the Supervisory Committee Report was taken as read.

The Supervisory Committee was responsible for providing oversight of the internal audit function 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 also provided oversight as it related to the Credit Union's vulnerabilities within regulatory constraints and mode of operation.

Highlights of the Report are:
The Audit Plan was not achieved as no audits were conducted by Centralised Strategic Services (JCCUL).

The Supervisory Committee reviewed the loan applications made during the period under review and was satisfied that the relevant criteria were met.

All audit findings that were generated from various reviews during the period were cleared except for one related to the Appointment of a Nominated Officer. That item was currently being tracked by the Committee.

Despite challenges experienced during the year the Committee continued to execute its functions and looked forward to continued service to enhance the work of the Grace Co-op Credit Union. The Committee was satisfied that the Credit Union had established practices and procedures sufficient to safeguard the members' assets and abide by the laws and regulations that governs the Credit Union's operation.

Appreciation was expressed to the Board of Directors, Management Team, Credit Committee and the members of staff of the Credit Union for their support during the year in enabling the Committee to carry out its task.

MINUTES cont'd

Chairman of the Committee, Angela Lawrence, expressed appreciation to the members of the Committee for their commitment and dedication and thanked the membership for the privilege of serving during the year.

The Supervisory Committee's Report was adopted on a motion by Eric Marder and seconded by Samuel Shelton

The Motion was carried.

ELECTION OF OFFICERS

Tresson Thompson of the Department of Co-operatives & Friendly Societies conducted the election of Officers.

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

The results were as follows:

Board of Directors
There being no other nominations, Claudette Facey Redwood, Gilroy Graham, Jerry Hamilton and Karen Walker were elected to the Board to serve for a two-year term. They join Simon Roberts, E. Christopher Bond, Eric Mardner, Samuel Shelton and Stanley Beckford who had one year unexpired term.

Credit Committee
There being no other nominations, Natalie Billings and Amia Brown were elected to serve for two years. They join Damian Lovelace, Maria Lewis and Hortense Gregory Nelson who had one year unexpired term.

Supervisory Committee
There being no other nominations, Kerline Redwood, Kamara Moodie, Kacia Scott, Robert Arthurs and Camille N. Smith were elected to serve for one year.

Ms. Thompson 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 Cooperatives and Friendly Societies.

ANY OTHER BUSINESS

The meeting was advised that pre-packaged food and drinks were available after the meeting.

The General Manager, Hope Mowatt reminded the meeting that the Credit Union was celebrating its 50th anniversary that year.

Appreciation was expressed through the presentation of gift packages to retiring volunteers Angela Lawrence and Kevin Webster.

Strycen Williams was the winner of the Grand Prize, of a television set.

The General Manager recognized and applauded the team at the Credit Union. Appreciation was expressed for their devotion and commitment to providing excellent service to the members of the Credit Union.

GATE PRIZES

The following were winners of gift packages:

Maria Love	Kacia Scott
Racquel Francis	Erica Hayden
Keisha Forrest-Meeks	

Leighton Grant was the winner of a $5,000 gift voucher.

ADJOURNMENT

The meeting adjourned at 6:30 p.m.

REPORT OF THE BOARD OF DIRECTORS

for year ended 31st December 2020

OVERVIEW

At the dawn of 2020, the Grace Cooperative Credit Union looked forward to celebrating its 50th Anniversary milestone. We started out in February, with a memorable Thanksgiving Service, where we were joined by past and present members in fellowship. Executing other planned celebratory activities had to be aborted due to the restrictions placed on assembling, upon the onset of the Covid-19 pandemic. This phenomenon dramatically affected business operations and peoples' lives, and which necessitated greater use of technology and finding new ways of operation. Like many businesses and organizations, our credit union had to discover new ways to serve our members, regardless of physical location.

Despite the challenges, our credit union performed well, ending the year with a surplus of $6.99M, which was marginally below the $7.04M achieved in 2019.

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

- Upgrading and improving our operating platform.
- Assessing and strengthening our controls, processes and operational efficiencies.
- Improving our product offerings to our members.
- Devising and approving new ways of service delivery.
- Ensuring a safe working environment for staff and members.
- Preparing for the pending BOJ regulations of credit unions.

FINANCIAL PERFORMANCE HIGHLIGHTS

	2020 J$000	2019 J$000	GCCU Annual Growth	Average Movement Growth
Permanent Shares	2,231	2,186		
Voluntary Shares	437,671	391,683	12%	
Saving Deposits	347,401	277,027	3%	9.94%
Net Loans	630,795	619,026	2%	3.58%
Total Assets	909,832	783,388	16%	9.60%
Surplus	6,991	7,037	-1%	

REPORT OF THE BOARD OF DIRECTORS cont'd

SAVINGS DEPOSITS

At the end of December 2020, members' savings increased by 3%, moving from $277M to $347M. This could be attributed to members seeking out higher interest-bearing investments in a relatively low interest rate environment.It could also reflect members maintaining their savings goal in an economically challenging time. In comparison, the credit union movement's annual savings growth rate was 9.94%.

LOANS and TOTAL ASSETS

With the onset of the pandemic, growing the loans portfolio became more challenging, as members became hesitant to borrow with the increasing uncertainty in the economic environment. Unlike 2019 when loans growth was 17% for our credit union, the outcome was only 2% in 2020. The performance of the credit union movement showed a similar trend, with average loans growth of 3.58%, compared to 12.16% in 2019.

The Total Assets Portfolio increased by 16%, moving from $783M in 2019 to $910M at the end of December 2020.

DELINQUENCY

Our Credit Union continued to maintain its excellent delinquency management record, ending the year with a delinquency ratio of 0.91%. The delinquency ratio remained within the targeted 1% for most of the year.

LIQUIDITY

Maintaining the liquidity ratio above the PEARLS target of 20% remained a goal of the credit union. At December 31, 2020, the ratio was 31%. This performance was influenced by the decreased levels of loans coupled with the marginal growth in savings during the year.

MEMBERSHIP

At the end of 2020, our membership stood at 2,187, moving from 2,283 at the end of 2019.

EDUCATION GRANTS

In 2020, our Credit Union continued the tradition of providing grants to children of members of our Credit Union. Twelve students received bursaries, broken down as follows: 6 who have just completed the PEP examinations, 3 at the Secondary level and 3 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

Jerry Hamilton	-	President
Gilroy Graham	-	1st Vice President
Christopher Bond	-	2nd Vice President
Eric Mardner	-	Treasurer
Karen Walker	-	Assistant Treasurer
Claudette Facey-Redwood	-	Secretary
Stanley Beckford	-	Assistant Secretary
Simon Roberts	-	Director
Samuel Shelton	-	Director

REPORT OF THE BOARD OF DIRECTORS cont'd

Supervisory Committee

Robert Arthurs - Chairperson
Kacia Scott
Camille N Smith
Kamara Moodie
Kerline Redwood

Credit Committee

Damian Lovelace - Chairman
Hortense Gregory-Nelson
Maria Lewis
Natalie Billings
Amia Brown

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Five 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
Jerry Hamilton	5	5	0
Gilroy Graham	5	5	0
Christopher Bond	5	5	0
Eric Mardner	5	5	0
Karen Walker	5	2	3
Claudette Facey-Redwood	5	3	2
Stanley Beckford	5	3	2
Simon Roberts	5	3	2
Samuel Shelton	5	3	2

HUMAN RESOURCES AND TRAINING

In 2020, staff participated in the following training courses: Great Leaders Development Programme, Introduction to Financial Analysis, Effective Debt Collection Technique, Loan Securities Documentation. Volunteers and staff also benefitted from the annual POCA training. Makeda Scott has also been participating in the GraceKennedy sponsored Supervisory Development Programme, which ends in 2021. Our General Manager, Hope Mowatt, is slated for retirement at the end of the year. Our Accountant, Makeda Scott, was being coached as the successor.

REPORT OF THE BOARD OF DIRECTORS cont'd

OBITUARIES

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

- Ivy Green
- Donna Lyn
- Claretta Graham
- Ralph Mills
- Carlyle Gray
- Dalphyne Jackson
- Estella Brown
- Errol Ferguson

We wish to extend our condolences to their family members.

FUTURE PLANS

In light of the pandemic, 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.

As the Board, Management, staff and other volunteers of our Credit Union continue on our path of readiness for the impending supervision by the Bank of Jamaica, improving our efficiencies, strengthening our processes and controls will retain our focus going forward.

ACKNOWLEDGEMENTS

Grace Credit Union was awarded Credit Union of the Year and Highest Asset Growth for the year 2020. Let me take this opportunity to acknowledge the commitment and support of my fellow Directors and other volunteers for providing oversight of our Credit Union. Let me also express a special thanks to Ms. Hope Mowatt, for her outstanding contribution to the Credit Union over the last twelve years. She would however continue to assist us with the changing of the guard for the first three months of 2021.

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.
- The Department of Co-operatives and Friendly Societies.
- CUNA Caribbean Insurance (Jamaica) Ltd.
- Credit Union Fund Management Company.
- 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.

REPORT OF THE BOARD OF DIRECTORS cont'd

Claudette Facey-Redwood, Secretary - Board of Directors collects the award for Highest Asset Growth 2020 from Joni McCalla, Group Marketing & Communications Officer and Robin Levy, Group CEO of JCCUL.

Alicia Williams, Accountant and Makeda Scott, General Manager accept trophy for small sized Credit Union of the Year 2020 from Joni McCalla, Group Marketing & Communications Officer and Robin Levy, Group CEO of JCCUL.

BOARD OF DIRECTORS

Jerry Hamilton
President

Gilroy Graham
1st Vice President

Edward C. Bond
2nd Vice President

Eric Mardner
Treasurer

Samuel Shelton
Assistant Treasurer

Claudette Facey-Redwood
Secretary

Dr. Stanley Beckford
Assistant Secretary

Simon Roberts

Karen Walker

REPORT OF THE TREASURER

for the year ended 31st December 2020

Grace Co-op Credit Union received $67.0M in interest on loans, $4.9M in investment income, and $7.3M non-interest income which represented fee income and commission. This total interest income of $71.9M represents an increase of $5.1M or 7.6% when compared with the previous year (66.8M).

The assets were $910M at the year ended 2020 up from $783M in 2019, an increase of $127M. Loans less allowance for losses increased by $12M from $619M in 2019 to $631M in 2020, an increase of 2%. Liquid assets decreased from $109M to $224M in 2020, an increase of 205%.

STATEMENTS

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

		2020 $	2019 $
a)	Total Permanent Shares	2,231,000	2,186,000
We also own collectively as a society, the following:			
i)	Statutory Reserves to provide stability to the Credit Union	66,363,013	63,551,058
ii)	Education Fund	214,793	214,793
iii)	Capital Revaluation Reserve	6,431,394	6,431,394
iv)	Bad Debt Reserve	4,088,267	4,554,855
v)	Special Reserve	785,736	785,736
vi)	Donation Reserve	60,000	-
vii)	Unclaimed Share Reserve	169,914	169,914
viii)	Share Transfer Reserve	74,000	89,000
ix)	We have previous earnings that have not been returned to us as dividends. This amount is:	1,540,475	1,308,392
x)	This year our net earnings is	5,592,811	5,629,407
	The total we own in reserves, provision and earnings is	**87,551,403**	**84,920,549**

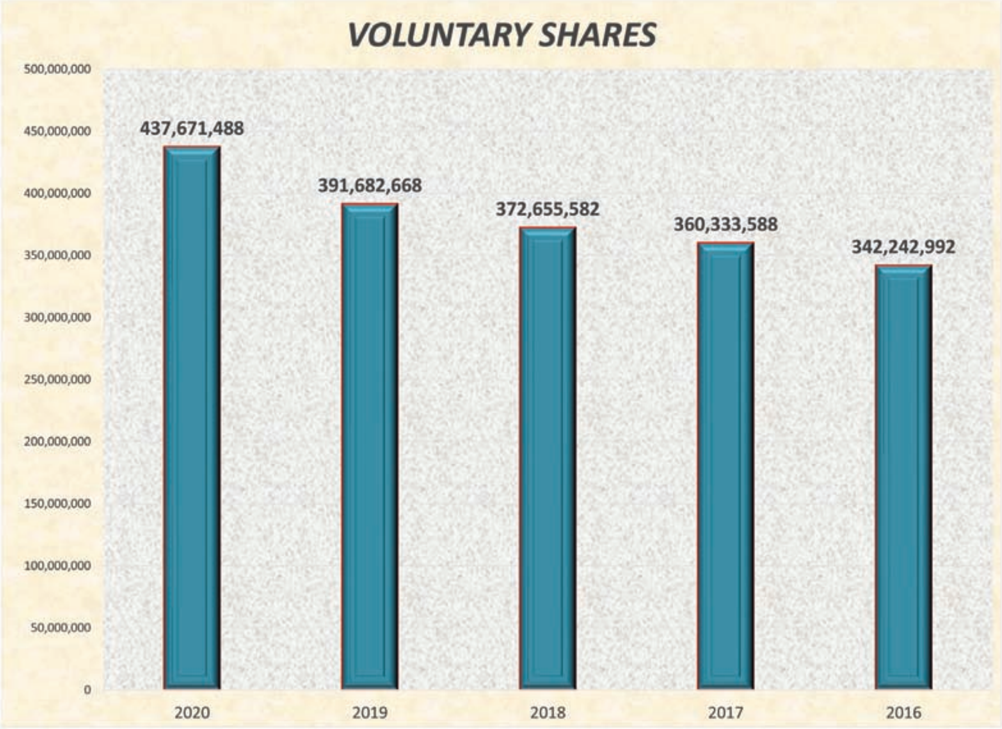
REPORT OF THE TREASURER cont'd

		2020 $	2019 $
The grand total we have is		**87,551,403**	**84,920,549**
The money we have has been:			
a)	Loaned to members	626,706,626	623,580,617
b)	Used to Tangible and Intangible Assets (net book value)	899,307	1,048,202
c)	**Invested in:-**		
	i) Shares in the Jamaica Cooperative Credit Union League	5,546,592	5,546,592
	ii) Demand Deposit with Jamaica Cooperative Credit Union		
	iii) First Heritage Co-operative Credit Union	24,000,000	24,000,000
	iii) Mortgage Funds with Jamaica Cooperative Credit Union	19,499,709	19,017,454
	iv) Jamaica Cooperative Credit Union - Cu Cash	211,603,806	95,352,541
	v) Cu Premium, CUET & Qnet*	271,030	1,139,070
d)	Bank account, etc	12,252,379	13,849,737
e)	But we owed Depositors and external creditor	(347,400,925)	(276,839,122)
f)	Members' voluntary shares	(437,671,488)	(391,682,668)
g)	Others (Receivables, Payable and Accruals)*	(28,155,633)	(30,091,874)
The grand total of the loans and investment we have made is		**87,551,403**	**84,920,549**
Our Income has been earned from:-			
a)	Interest on loans to members	66,973,780	63,382,483
b)	Interest on Investments	37,343	22,365
c)	Interest on investment with J.C.C.U.L.	4,874,301	3,359,350
d)	Other sources	7,331,992	7,584,002
		79,217,416	74,348,200

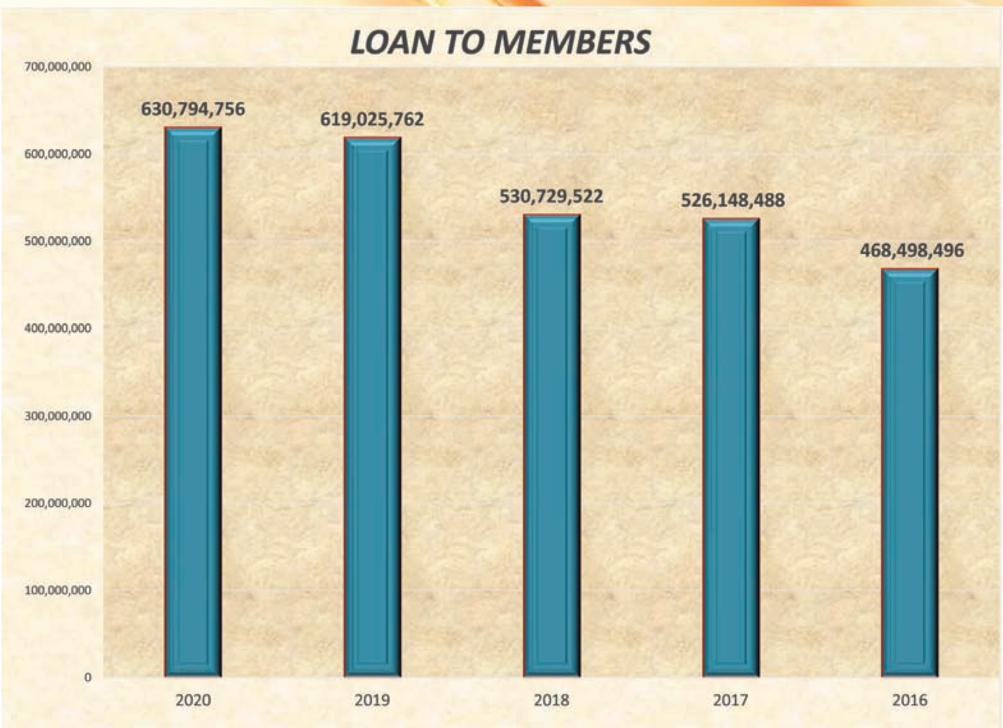
REPORT OF THE TREASURER cont'd

	2020 $	2019 $
The expenses for the year were:-		
Salaries and related expenses	33,940,521	29,679,226
Insurance - Loan Protection and Life Saving (L.P&L.S)	4,465,652	3,751,446
Facilities Fee	5,600,976	5,340,000
Interest Expense	15,578,556	15,441,542
Stationery	414,192	627,033
Dues and fees to J.C.C.U.L.	2,094,044	2,915,529
GCT	2,394,880	2,573,317
AGM, Seminars and other meetings	1,396,572	1,058,200
Professional Fees	562,500	599,999
Audit fees	785,004	840,000
Provision for bad debts	478,814	282,389
Education Grant	420,000	427,700
Depreciation and amortization	735,700	654,110
General expenses	3,358,991	3,120,950
TOTAL EXPENSES	**72,226,402**	**67,311,441**
This leaves us a surplus of:-	6,991,014	7,036,759
We are setting aside Statutory Reserves as required by the Act	(1,398,203)	(1,407,352)
	5,592,811	5,629,407
Together with the undistributed earnings from previous year	1,540,475	1,308,392
Undistributed earnings	**7,133,286**	**6,937,799**

REPORT OF THE TREASURER *cont'd*



REPORT OF THE TREASURER *cont'd*



CONCLUSION

The last year must have been the most challenging year in our working lives. Looking at the results for 2020 however one would not be able to tell. The team, led by Hope Mowatt, was able to return a surplus of just about $7 million, had the highest asset growth in the year for its size and capped the Credit Union of the year prize. The team was able to make the necessary changes while focusing on the needs of the members resulting in a truly exceptional performance for the year.

The management and board of directors are committed to providing financial solutions that will positively impact the quality of living of its 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 Hope Mowatt for her leadership over the years. 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,
Eric Mardner
Treasurer

Financial Statements

31 December 2020

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DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
CHARITIES AUTHORITY, JAMAICA
Ministry of Industry, Investment, and Commerce
2 Musgrave Avenue, Kingston 10
Jamaica, W.I.
Tel: (876) 927-4912 | 927-6572 | 978-1946
E-mail: dcfs@cwjamaica.com **Website: www.dcfs.gov.jm**

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

S1
R376/459/04/20

April 27, 2021

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

Dear Sir/Madam,

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

The Annual General Meeting (AGM) must be convened under ***Regulation 19, 21*** **and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. At least seven (7) days' notice shall be given before the meeting is held.

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

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

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

Yours truly,

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

Gilbert Thompson & Company 2017
Chartered Accountants

Lot 2, Shop 14 Regal Plaza P O Box 80
Kingston 5, Jamaica
Ph (876) 758-8345, (876) 906-1098
E-mail gilbertthompsonco2017@yahoo com

Shop 16 Omni Plaza 41 Manchester Ave May Pen,
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 29 to 92 , which comprise the statement of financial position as at 31 December 2020, and the statements of surplus or deficit and other comprehensive income and changes in equity and cash flows for the year then ended, and 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 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Co-operative Societies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the 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 of 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.

The Board of Directors is 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Co-operative audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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

April 15, 2021

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	2019 $
INTEREST INCOME			
Interest on loans and advance to members		66,973,780	63,382,483
Interest on liquid assets		37,343	22,365
Interest on investment		2,225,402	910,011
Interest JCCUL Cu Cash		2,648,899	2,449,339
		71,885,424	66,764,198
INTEREST EXPENSE			
Interest on saving deposits		(15,242,421)	(15,036,203)
Other financial cost		(336,135)	(405,339)
NET INTEREST INCOME		56,306,868	51,322,656
Impairment losses on financial assets		(478,814)	(282,389)
		55,828,054	51,040,267
Non-Interest income	8	7,331,992	7,584,002
NET INTEREST AND OTHER INCOME		63,160,046	58,624,269
OPERATING EXPENSES	9	(56,169,032)	(51,587,510)
SURPLUS FOR YEAR, BEING TOTAL COMPREHENSIVE INCOME		**6,991,014**	**7,036,759**

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

	Note	2020 $	2019 $
ASSETS			
EARNING ASSETS:			
Liquid Assets	10a	211,603,806	95,352,541
Financial investments	11	49,317,331	49,703,116
Loans to members	12	630,794,756	619,025,762
		891,715,893	764,081,419
NON-EARNING ASSETS:			
Cash in hand and at Bank	10b	12,252,379	13,849,737
Other assets	13	4,964,079	4,408,649
Property, plant and equipment	14a	381,108	288,869
Intangible assets	14b	518,199	759,333
		18,115,765	19,306,588
TOTAL ASSETS		**909,831,658**	**783,388,007**

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

LIABILITIES AND EQUITY			
LIABILTIES			
Interest bearing liabilities:			
Members' deposit	15a	347,400,925	277,026,622
Voluntary shares	15b	437,671,488	391,682,668
		785,072,413	668,709,290
Non-interest bearing liabilities:			
Payable and accruals	16	41,296,109	34,313,023
		826,368,522	703,022,313
EQUITY			
Members' share capital	17	2,231,000	2,186,000
Non-institutional capital			
Retained earnings and reserve	18	1,304,443	1,259,443
Undistributed surplus		7,133,286	6,937,799
Institutional capital:			
Statutory and legal reserve	19a	66,363,013	63,551,058
Capital revaluation reserve	19b	6,431,394	6,431,394
		83,463,136	80,365,694
TOTAL LIABILITIES AND EQUITY		909,831,658	783,388,007

Approved for issue by the Board of Directors on April 15, 2021 and signed on behalf by:

President - Jerry Hamilton   Treasurer - Eric Mardner   Assistant Secretary – Stanley Beckford

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Members' Permanent Share Capital $	Institutional Capital $	Non-Institutional Capital (Undistributed Net Surplus) $	Total $
Balances at 31 December 2018	2,137,000	68,089,031	5,679,396	75,905,427
Net surplus	-	-	7,036,759	7,036,759
Transfer to statutory reserves 2019	-	1,407,352	(1,407,352)	-
Transfer to statutory reserves 2018	-	476,869	(476,869)	-
Transfer from special reserves	-		(993,962)	(993,962)
Appropriations				
Dividend Permanent Shares	-	-	(295,260)	(295,260)
Interest Voluntary Shares	-	-	(1,288,470)	(1,288,470)
Donation	-	-	(60,000)	(60,000)
Entrance fee	-	9,200	-	9,200
Share transfer account	49,000	-	3,000	52,000
Balances at 31 December 2019	2,186,000	69,982,452	8,197,242	80,365,694
Net surplus	-	-	6,991,014	6,991,014
Transfer to statutory reserves 2020	-	1,398,203	(1,398,203)	-
Transfer to statutory reserves 2019	-	1,407,352	(1,407,352)	-
Transfer to special reserves	-		(15,000)	(15,000)
Donations	-	-	60,000	60,000
Appropriations				
Dividend – Permanent Shares	-	-	(3,989,972)	(3,989,972)
Entrance fee	-	6,400	-	6,400
Share transfer account	45,000	-	-	45,000
Balances at 31 December 2020	**2,231,000**	**72,794,407**	**8,437,729**	**83,463,136**

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Non- Institutional Capital		
	Retained Earnings and Reserves	Undistributed Surplus	Total
	$	$	$
Restated balances at January 1, 2018	3,428,991	2,250,405	5,679,396
Net surplus	7,036,759	-	7,036,759
Adjustment of depreciation			
Transfer to statutory reserves	(1,884,221)	-	(1,884,221)
Transfer from special reserves 2019	-	(993,962)	(993,962)
Share Transfer Account	-	3,000	3,000
Appropriations			
Dividend – Permanent Shares	(295,260)	-	(295,260)
Interest – Voluntary Shares	(1,288,470)	-	(1,288,470)
Donation	(60,000)	-	(60,000)
Balances at 31 December 2019	6,937,799	1,259,443	8,197,242
Net surplus	6,991,014	-	7,762,104
Adjustment of depreciation			
Transfer to statutory reserves	(1,398,203)	-	(1,398,203)
Transfer from special reserves 2019	(1,407,352)	-	(1,407,352)
Share transfer account	-	(15,000)	(15,000)
Donations	-	60,000	60,000
Appropriations			
Dividend -- Permanent Shares	(3,989,972)	-	(3,989,972)
Balances at 31 December 2020	**7,133,286**	**1,304,443**	**8,437,729**

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	INSTITUTIONAL CAPITAL		
	Statutory Reserve $	Capital Reserve $	Total $
Balances at 31 December 2018	61,657,637	6,431,394	68,089,031
Transfer to statutory reserves 2019	1,407,352	-	1,407,352
Transfer to statutory reserves 2018	476,869	-	476,869
Entrance fee	9,200	-	9,200
Balances at 31 December 2019	63,551,058	6,431,394	69,982,452
Transfer to statutory reserves 2020	1,398,203	-	1,398,203
Transfer to statutory reserves 2019	1,407,352	-	1,407,352
Entrance fee	6,400	-	6,400
Balances at 31 December 2020	**66,363,013**	**6,431,394**	**72,794,407**

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	2020 $	2019 $
CASH FLOW FROM OPERATING ACTIVITIES:		
Surplus for the year	6,991,014	7,036,759
Adjustments to reconcile net profit to Cash provided by operating activities –		
Depreciation	735,700	654,110
Net cash provided by operating activities	7,726,714	7,690,869
Cash flow from investing activities -		
Property, plant and equipment	(586,805)	-
Investment	385,785	13,332,677
Members' loan	(11,768,994)	(88,296,240)
Other receivables	(555,430)	(278,161)
Net cash used in investing activities	(12,525,444)	(75,241,724)
Cash flow from financing activities –		
Share capital voluntary	45,988,820	19,027,086
Entrance fee	6,400	9,200
Members' savings account	70,374,303	8,530,885
Payable and accruals	6,983,086	792,467
Dividends	(3,989,972)	(295,260)
Interest on voluntary shares	-	(1,288,470)
Special Reserve IFRS	-	(993,962)
Share transfer account	105,000	52,000 **
Reserve	(15,000)	-
Donation	-	(60,000)
Cash provided by financing activities	119,452,637	25,773,946
Increase/(Decrease) in liquid assets	114,653,907	(41,776,909)
Liquid asset at beginning of the year	109,202,278	150,979,187
LIQUID ASSET AT END OF YEAR	**223,856,185**	**109,202,278**

** Restated

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 shares 15(b)], 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.

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. Where necessary prior year compositions have been restated and reclassified to conform to correct year presentation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(a) Statement of Compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities. These Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

(b) Basis of preparation:

New and amended standards effective during the year

Certain new amended standards which have been issued are not yet effective at the reporting date and the Co-operative has not early-adopted them, The Co-operative has assessed the relevance of all such new and amended standards with respect to its operations and has determined that the following may be relevant:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(b) **Basis of preparation (cont'd):**

New and amended standards effective during the year cont'd

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect entities in all industries.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Co-operative

The following standards and amendments to standards which are not yet effective and have not yet been adopted early in these financial statements, will or may have an effect on the Co-operative's future statements.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 adoption of this amendment is not expected to have a significant impact on the Co-operative.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(b) **Basis of preparation (cont'd):**

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Co-operative

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

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 2020

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

(c) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for the following:

(i) Debt instruments at fair value through other comprehensive income (FVOCI) measured at fair value (applicable from January 1, 2019).

(ii) Equity securities measured at fair value through profit or loss.

(iii) Certain equity securities designated as at FVOCI measured at fair value.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(e) **Critical accounting judgments in applying the Co-operative's accounting policies Cont'd**

(i) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Co-operative's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. That yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach which is categorised as a Level 2 fair value. Some other fair values are estimated based on quotes published by a broker/dealer, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be different from the actual price of the instrument in an actual arm's length transaction [notes 11 and 12].

(ii) Impairment losses on financial assets

The measurement of the expected credit loss 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 2020

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 2020

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 2020

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.

(e) **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.

(f) **Cash and cash equivalents**

Cash and cash equivalents are shown at cost. The 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 2020

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

(f) **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.

(g) **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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(h) Property, plant and equipment

(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%

(i) Intangible asset

Intangible asset represent 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.

(j) 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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(k) **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.

(l) **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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(m) Other liabilities

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

(n) 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.

(o) 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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(o) 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 credita 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 2020

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

(o) **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 have 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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(o) 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.

(p) 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.

(q) 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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(r) Impairment

The carrying amounts of the Co-operative's assets, other than loans to members [see note 4(b)], 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 2020

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(r) **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.

(s) **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.

(t) **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 2020

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 2020

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 2020

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 2020

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 CUFMC. There is no other significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(b) Credit risk

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

Loan at amortise cost:

	2020				2019
	Stage 1 12-months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $	3 Stages Total $
Impaired Loan losses	1,472,087	66,329	2,549,851	4,088,267	4,554,855

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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

Financial instruments-risk management (continued)

(b) Credit risk

(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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

Financial instruments-risk management (continued)
(b) Credit risk

(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 2020

6. **FINANCIAL INSTRUMENTS-RISK MANAGEMENT**

(a) Significant increase in credit risk (continued)

(b) Credit risk

(iv) Impairment (continued)

Credit risk grades:

The Co-operative uses internal credit risk gradings that reflect 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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(a) Significant increase in credit risk (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 returns 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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(b) Credit risk (continued)

(iv) Impairment (continued)

(a) Significant increase in credit risk (continued)

Definition of default (continued):

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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(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, 2020 and December 31, 2020, 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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(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 2020

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(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.

(d) *Loss allowance*

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. There were no credit losses recognised in 2019 under IAS 39 measurement basis.

Debt securities at FVOCI:

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) 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 2020

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) 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 $
December 31, 2020				
Members' deposits	97,268,699	125,368,040	124,764,186	347,400,925
Members' voluntary Shares	-	-	437,671,488	437,671,488
Payables and accruals	12,499,300	17,527,632	11,269,177	41,296,109
Total financial Liabilities	**109,767,999**	**142,895,672**	**573,704,851**	**826,368,522**
December 31, 2019				
Members' deposits	172,839,023	104,187,599	-	277,026,622
Members' voluntary Shares	-	-	391,682,668	391,682,668
Payables and accruals	11,159,893	9,638,010	13,515,120	34,313,023
Total financial Liabilities	**183,998,916**	**113,825,609**	**405,197,788**	**703,022,313**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) 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 2020

6. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) 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 2020

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk

	2020				
	Within 3 months $	3 - 12 months $	Over 1- 5 years $	Non-interest bearing $	Total $
Assets					
Cash and bank balances	12,252,379	-	-	-	12,252,379
Liquid assets	211,603,806	-	-	-	211,603,806
Financial investments	-	24,000,000	25,317,331	-	49,317,331
Loans	14,231,858	114,613,226	501,949,672	-	630,794,756
Other assets	3,297,828	443,327	1,222,924	-	4,964,079
Total assets	**241,385,871**	**139,056,553**	**528,489,927**	**-**	**908,932,351**
Liabilities					
Members' deposits	97,268,699	125,368,040	124,764,186	-	347,400,925
Members' voluntary Shares	-	-	437,671,488	-	437,671,488
Payables and accruals	12,499,300	17,527,632	11,269,177	-	41,296,109
Total liabilities	**109,767,999**	**142,895,672**	**573,704,851**	**-**	**826,368,522**
Total interest rate sensitivity gap	**131,617,872**	**(3,839,119)**	**(54,379,716)**	**-**	**82,563,829**
Cumulative interest rate sensitivity gap	**131,617,872**	**127,778,753**	**82,563,829**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) Market risk (cont'd)

(ii) Interest rate risk

	2019				
	Within 3 months $	3 - 12 months $	Over 1 - 5 years $	Non-interest bearing $	Total $
Assets					
Cash and bank balances	13,849,737	-	-	-	13,849,737
Liquid assets	95,352,541	-	-	-	95,352,541
Financial investments	-	20,000,000	29,703,116	-	49,703,116
Loans	1,579,633	17,856,378	599,589,751	-	619,025,762
Other assets	2,757,364	428,361	1,222,924	-	4,408,649
Total assets	**113,539,275**	**38,284,739**	**630,515,791**	**-**	**782,339,805**
Liabilities					
Members' deposits	172,839,023	104,187,599	-	-	277,026,622
Members' voluntary Shares	-	-	391,682,668	-	391,682,668
Payables and accruals	11,159,893	9,638,010	13,515,120	-	34,313,023
Total liabilities	**183,998,916**	**113,825,609**	**405,197,788**	**-**	**702,834,813**
Total interest rate sensitivity gap	**(70,459,641)**	**(75,540,870)**	**225,318,003**	**-**	**79,317,492**
Cumulative interest rate sensitivity gap	**(70,459,641)**	**(146,000,511)**	**79,317,492**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(i) 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 variable are non-linear.

Change in basis points:

	2020		2019	
	Effect on surplus $000	Effect on equity $000	Effect on surplus $000	Effect on equity $000
- 100 (2019: 101)	(7,762)	(909,831)	(6,966)	(775,554)
+100 (2019: 101)	7,762	909,831	7,107	791,221

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) Operational risk

Operational risk is the risk of direct or indirect loan 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 producers;
- 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 2020

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Capital management

The Co-operative's objective when managing institutional capital, which is a broader concept that 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% (2019: 10%) 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 2020

6. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) 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.

	2020		2019	
	Actual $,000	Required $,000	Actual $,000	Required $,000
Total regulatory capital	83,463	72,786	80,366	78,338
Total capital ratio	9%	8%	10%	8%

7. **FAIR VALUE FINANCIAL INSTRUMENTS:**

Fair value amounts represents 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 2020

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. 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 2020

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.

	2020 Carrying Value $	Fair Value $	2019 Carrying Value $	Fair Value $
ASSETS – Earning assets				
Liquid assets	211,603,806	211,603,806	95,352,541	95,352,541
Financial investments	49,317,331	49,317,331	49,703,116	49,703,116
Loans	630,794,756	630,794,756	619,025,762	619,025,762
Non-earning assets				
Cash in hand and at Bank	12,252,379	12,252,379	13,849,737	13,849,737
Other assets	4,964,079	4,964,079	4,408,649	4,408,649
LIABILITIES – Interest bearing liabilities				
Members savings' deposit	347,400,925	347,400,925	277,026,622	277,026,622
Voluntary Shares	437,671,488	437,671,488	391,682,668	391,682,668
Non-interest bearing liabilities				
Accounts payable	41,296,109	41,296,109	34,313,023	34,313,023

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

8. NON-INTEREST INCOME:

	2020 $	2019 $
Commission	1,582,757	1,568,260
Service charge	5,158,700	5,527,725
Matching Grant	418,872	478,947
Dividend	166,398	-
Other	5,265	9,070
	7,331,992	**7,584,002**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

	2020 $	2019 $
9. EXPENSES BY NATURE:		
PERSONNEL-		
Employee's salaries and statutory contribution	26,592,567	23,060,697
Employee's cost	6,577,734	6,083,050
Education and training	770,220	535,479
	33,940,521	**29,679,226**
ADMINITRATIVE -		
Facilities fees	5,600,976	5,340,000
Depreciation and amortisation	735,700	654,110
Auditing and accounting	785,004	840,000
Office repairs and maintenance	41,063	11,450
Telecommunication	98,788	165,372
Printing, stationery and supplies	414,192	627,033
Insurance premium	4,465,652	3,751,446
Professional and consulting fees	562,500	599,999
50th Anniversary provision	1,951,920	600,000
Other administrative expenses	999,643	2,048,071
Unrecoverable GCT	2,394,880	2,573,317
	18,050,318	**17,210,798**
MARKETING -		
Publicity and promotion	165,000	150,000
Education grant	420,000	427,700
	585,000	**577,700**
REPRESENTATION & AFFILLIATION		
League and other dues	2,094,044	2,915,529
Seminars and meetings	33,600	59,200
Annual general meetings	1,362,972	999,000
Miscellaneous	102,577	146,057
	3,593,193	**4,119,786**
	56,169,032	**51,587,510**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

10a. LIQUID ASSETS:

	2020 $	2019 $
Earning:		
Jamaica Co-operative Credit Union League Limited		
Cu Cash	211,603,806	95,352,541

10b. CASH IN HAND AND CASH AT BANK:

Impress	250,000	250,000
Current account	12,002,379	13,599,737
	12,252,379	13,849,737
	223,856,185	**109,202,278**

11. FINANCIAL INVESTMENTS:

	2020 $	2019 $
CUETS settlement fund	707	868,747
Jamaica Co-operative Credit Union Limited shares:	5,546,592	5,546,592
Mortgage funds	19,499,709	19,017,454
First Heritage Co-operative Credit Union	24,000,000	24,000,000
Qnet	270,323	270,323
	49,317,331	**49,703,116**

The amounts are due to be recovered as follows:

	2020 $	2019 $
Within 12 months	24,000,000	24,000,000
Over 12 months	25,317,331	25,703,116
	49,317,331	**49,703,116**

These are carried at cost

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

12. **LOANS:**

	2020 $	2019 $
Balance at beginning of year	623,580,617	534,893,976
Add: disbursements and transfer	254,427,813	319,164,382
	878,008,430	854,058,358
Less: repayment and transfers	(243,125,407)	(230,477,741)
	634,883,023	623,580,617
Less: allowance for impairment losses	(4,088,267)	(4,554,855)
	630,794,756	**619,025,762**

Included in the loan balances are loans to four (2019 - 6) board of directors totaling $7,463,474 (2019 - $13,017,899, six (2019- 5) staff members totaling $9,291,457 (2019 - $9,845,997), five (2019 – 6) committee and supervisory members totaling $10,352,788 (2019 $12,328,289) and three (2019 - 2) related party totaling $3,024,024 (2019 - $1,184,368) The amounts are expected to be recovered as follows:

	2020 $	2019 $
Within 12 months	128,845,084	120,182,909
Over 12 months	506,037,939	503,397,708
	634,883,023	**623,580,617**

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

	2020 $	2019 $
Neither past due nor impaired	629,110,064	617,401,630
Past due but not impaired:		
Loans 31 – 60 days	902,166	140,056
Loans 61 - 90 days	1,989,634	2,006,406
Loans 91 - 180 days	-	2,937,065
Loans 181 – 360 days	1,713,871	222,581
Loan over 361 days	1,167,288	872,879
	5,772,959	6,178,987
	634,883,023	623,580,617
Less provision for loan losses	(4,088,267)	(4,554,855)
	630,794,756	**619,025,762**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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:

	2020			
Months in arrears	Number of accounts in arrears	Delinquent loans	Provision Rate	Statutory loan loss provision
Loans 31-60 days	3	902,166	-	-
Loans 61-90 days	3	1,989,634	10	198,963
Loans 91-180 days	0	-	30	-
Loans 181-360 days	5	1,713,871	60	1,028,323
Loans over 361 days	2	1,167,288	100	1,167,288
	13	5,772,959		2,394,574

	2019			
Months in arrears	Number of accounts in arrears	Delinquent loans	Provision Rate	Statutory loan loss provision
Loans 31-60 days	1	140,056	-	-
Loans 61-90 days	3	2,006,406	10	200,641
Loans 91-180 days	4	2,937,065	30	881,120
Loans 181-360 days	2	222,581	60	133,549
Loans over 361 days	2	872,879	100	872,879
	12	6,178,987		2,088,189

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(a) Delinquent loans (cont'd)

The impaired loan losses are $1,693,693 (2019 - $2,466,666) greater than the loan loss provisioning rules of the JCCUL and does not require an additional provision for loan losses to Reserve:

	2020 $	2019 $
Impaired loan losses IFRS 9	4,088,267	4,554,855
Loan loss provision rule of the JCCUL	(2,394,574)	(2,088,189)
	1,693,693	**2,466,666**

13. **OTHER ASSETS:**

	2020 $	2019 $
Prepayments (i)	1,389,308	991,844
ATM float receivable	1,034,016	1,034,016
Interest receivable - Mortgage	2,351,848	2,193,882
Withholding tax	188,907	188,907
	4,964,079	**4,408,649**

(i) Prepayments include the sum of $448,510 (2019: $433,542) which represents deposits on software maintenance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

	Furniture & Equipment $	Computer $	Total $
Cost -			
1 January 2019	449,724	1,751,631	2,201,355
Addition	-	-	-
Balance at December 2019	449,724	1,751,631	2,201,355
Addition	-	409,067	409,067
Balance at December 2020	449,724	2,160,698	2,610,422
Depreciation and impairment losses-			
1 January 2019	348,974	1,388,349	1,737,323
Charge for the year	-	175,163	175,163
Balance at December 2019	348,974	1,563,512	1,912,486
Charge for the year	100,700	216,128	316,828
Balance at December 2020	449,674	1,779,640	2,229,314
Carrying amount -			
31 December 2020	**50**	**381,058**	**381,108**
31 December 2019	**100,750**	**188,119**	**288,869**
31 December 2018	**100,750**	**363,282**	**464,032**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14b. **Intangible Assets:**

	Software $
Cost -	
Balance at December 2018	3,582,133
Addition	-
Balance at December 2019	3,582,133
Addition	177,738
Balance at December 2020	3,759,871
Depreciation and impairment losses-	
1 January 2019	2,343,853
Charge for the year	478,947
Balance at December 2019	2,822,800
Charge for the year	418,872
Balance at December 2020	3,241,672
Carrying amount -	
31 December 2020	**518,199**
31 December 2019	**759,333**
31 December 2018	**1,238,280**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

15. INTEREST BEARING LIABILITIES:

		2020 $	2019 $
(a)	**Members' savings deposit-**		
	Balance at beginning of year	277,026,622	268,495,737
	Add: Deposit and transfer	2,026,465,973	2,130,685,943
		2,303,492,595	2,399,181,680
	Less: Withdrawal and transfers	(1,956,091,670)	(2,122,155,058)
		347,400,925	277,026,622
(b)	**Voluntary shares-**		
	Balance at beginning of year	391,682,668	372,655,582
	Add: Deposit and transfer	158,940,147	138,986,126
		550,622,815	511,641,708
	Less: Withdrawal and transfers	(112,951,327)	(119,959,040)
		437,671,488	391,682,668
		785,072,413	**668,709,290**

16. ACCOUNTS PAYABLE:

	2020 $	2019 $
Accruals (i)	20,509,922	16,102,036
Payables (ii)	19,559,818	16,287,748
Other (iii)	1,226,370	1,923,239
	41,296,109	**34,313,023**

(i) Included in accruals is a provisional staff incentive of $3,255,336 and interest on voluntary shares of $6,202,527.

(ii) Included in payable is an amount for unclaimed shares of $3,543,844, GFS loan fund of $1,276,278, GK loan fund of $566,946, TTECH fund of $3,022,500, fixed deposit accruals of $1,007,502, World Brand Loan fund of $991,696, standing order of $2,906,685 and a balance of funds received from JCCUL for software development of $2,121,163

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

17. MEMBERS' SHARE CAPITAL:

	2020 $	2019 $
Members' share capital	2,231,000	2,186,000

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

18. NON-INSTITUTIONAL CAPITAL:

	2020 $	2019 $
Special reserve	785,736	785,736
Education reserve	214,793	214,793
Donation reserve	60,000	-
Share transfer reserve	74,000	89,000
Unclaimed share reserve	169,914	169,914
	1,304,443	1,259,443

19. INSTITUTIONAL CAPITAL:

		2020 $	2019 $
(a)	Statutory Reserve balance at beginning of year	63,514,770	61,630,549
	Transferred reserve 2019	1,407,352	-
	Current year transfers	1,398,203	1,884,221
		66,320,325	63,514,770
	Entrance fees balance at beginning of year	36,288	27,088
	Additions	6,400	9,200
	Entrance fees	42,688	36,288
		66,363,013	63,551,058
(b)	Capital revaluation reserve	6,431,394	6,431,394

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES:

At December 2020 four (4) members of the Co-operative Board of Directors and five (5) Committee and Supervisory Members and three (3) connected Parties had shares and savings of $46,028,264 (2019 - $49,064,216) and loans excluding interest totaling $20,840,286 (2019 - $36,376,554).

Loans excluding interest due from members of staff totaling $9,291,457 (2019 - $9,845,997).

During the year no Director or Committee Members received any loan which necessitated waiver of the loan policy. At December 2020, 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 $2,314,327 (2019 - $1,940,143)

22. BONDING INSURANCE:

Bonding insurance was in force for the year under review.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

23. TRANSFER AND APPROPRIATION:

	2020 $	2019 $
Statutory appropriation	1,398,203	2,878,183
Transfer to reserves 2019	1,407,352	-
Share transfer account	15,000	(3,000)
Share transfer	(60,000)	-
Dividend on shares and deposits	3,979,972	295,260
Voluntary shares	-	1,288,470
Donation	-	60,000
	6,740,527	4,518,913

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

24. COMPARISON OF LEDGER BALANCES:

	Voluntary Shares $	Permanent Shares $	Deposits $	Loans $
Balance as per general ledger	437,671,488	2,231,000	347,400,925	634,883,023
Balance as per members' ledger	437,671,488	2,231,000	347,400,925	634,883,023
Accounts payable	-	-	-	-

25. COVID-19 IMPACT:

The World Health Organisation declared the novel coronavirus, COVID 19, a global pandemic, in March 2020. During the months of March 2020 and April 2020 the company saw a 25% increase in savings and 2% increase in loans.

The interest growth was 8% over 2019, while the interest market showed a 9% declined over 2019.

The work from home and social distancing procedures implemented to slow the spread of COVID-19, did not have a severe impact on the Co-operative. This was due to innovations and upgrades to our strategies to enable the Co-operative to minimize the effect of less members traffic.

APPROPRIATION OF SURPLUS

Recommendation

		2020	
	$		**$**
Surplus December 31, 2020			6,991,014
Less: Statutory Reserve booked in 2020	1,398,203		
			(1,398,203)
Surplus			5,592,811
Add: Undistributed Surplus 1st January 2020		1,530,479	
Additional projected for distribution 2019	5,407,321		
Actual distribution 2019	(5,397,324)		
		9,996	
			1,540,474
Available for Distribution			**7,133,286**
Less:			
Additional 20% Statutory Reserves	1,398,203		
Dividend on Permanent Shares @ 15%	334,650		
# of shares 2,231,000			
Additional Interest to be distributed (2.7%)	3,915,513		
Donations	60,000		
			5,708,366
Undistributed Surplus Carried Forward			**1,424,920**

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:
Eric Mardner

TEAM MEMBERS

Makeda Scott
General Manager

Camille Cadogan
Senior Loans Officer

Monique McLean
Loans Officer

Janielle Stewart
Loans Officer

Alicia Williams
Accountant

Chantal Hall
Accounting Officer

Dushaine Carty
Accounting Clerk

51st Annual General Meeting Highlights

REPORT OF THE CREDIT COMMITTEE

for the period ending December 2020

Damian Lovelace, Chairman

Maria Lewis, Secretary

Hortense Gregory-Nelson

Natalie Billings

Amia Brown

COMMITTEE MEMBERS:

Damian Lovelace	-	Chairman
Maria Lewis	-	Secretary
Natalie Billings	-	Member
Hortense Gregory-Nelson	-	Member
Amia Brown	-	Member

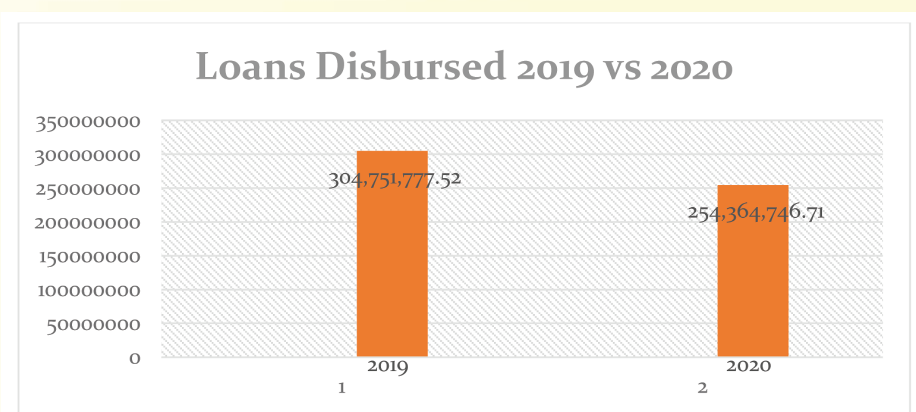
LOAN DISBURSEMENTS - YTD (#):

1434 loans were disbursed in financial year 2020. This represents a decrease of 365 fewer loans or a reduction of 25.45% disbursed over the same period in the previous year - 2019, which was 1799 loans.

VALUE AND NUMBER OF NEW LOANS DISBURSED IN 2019 VS 2020		
	Total YTD	
Year	*2019*	*2020*
Number of New Loans	1799	1434
Value of New Loans ($m)	$304.75	$254.36

LOAN DISBURSEMENTS - YTD ($):

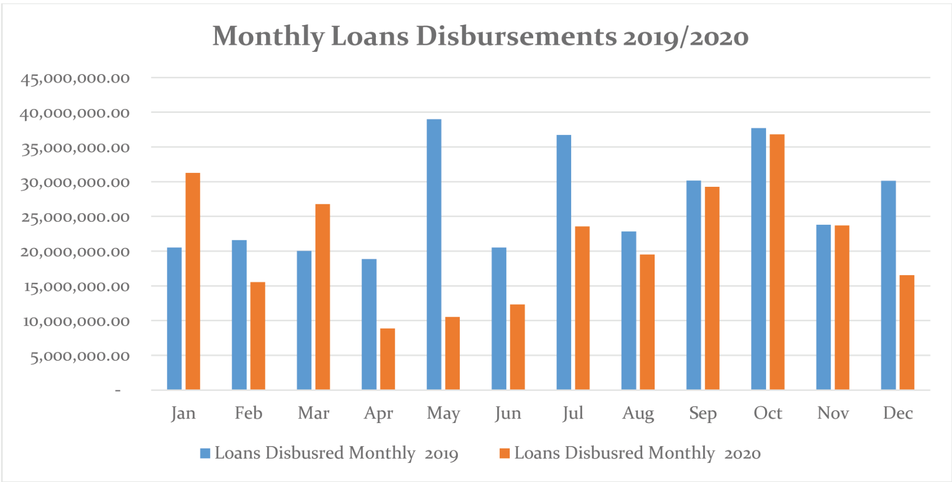
The total value of loans disbursed for Financial Year 2020 $254.36m, while for the same period last year the value of loans disbursed was $304.75m. This reflects a 16.53% decline.



REPORT OF THE CREDIT COMMITTEE *cont'd*

LOAN DISBURSEMENTS (month by month):

The chart below shows trend in loans disbursed month-by-month for 2020 vs 2021.



January and March showed increase in the amount of loan disbursed over the same period in 2019. February, April, May, June and July had significant decline when compared to the similar period in 2020 reflecting the peak of uncertainty associated with the Covid-19 Pandemic. August, September, October and November showed signs of improvement even though performance were marginally lower than prior year's disbursements. December had a 45% decline when compared to the same period in 2019. Disbursement of $16.56m in 2020 vs $30.13m in 2019.

The overall performance of the loans portfolio for 2020 declined year over year with the top two performers - Motor Vehicle loans and Personal Needs loans leading the categories. Motor Vehicle loans continue to dominate the categories with $115.57m disbursed in 2020, showing a decline of $8.46m or 6.82% year over year. Personal Needs loans decreased 18.38% from $57.23m in 2019 to $46.71m in 2020. Debt Consolidation also decreased year over year with $23.67m disbursed in 2020 compared to $37.85m in 2019. Other categories such as Home Improvement continues to contribute to the loan portfolio with $23.67m distributed in 2020, but did not match up to the $37.85m disbursed in 2019. Loan Refinancing and Pay Day Loans were the categories showing momentous percentage growth in 2020 with $2.69m and $2.56m disbursed respectively when compared to $0.00 and 0.72m correspondingly in 2019. These major categories contributed significantly to the loan performance. The impact of the Covid-19 pandemic can be attributed to the below par performance in the loan portfolio.

The Credit Union needs to continuously monitor our loan portfolio position and adjust our rates and product offering to ensure our continued viability in supporting our members.

REPORT OF THE CREDIT COMMITTEE cont'd

GENERAL

The credit union must 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 impact of the Covid-19 Pandemic.

It is evident, however, that the credit union continues to employ the following initiatives in an effort secure business:

- Constant monitoring of the competitive environment to ensure that we keep up-to-date of 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 available to discussing financial options and solutions with members

Damian Lovelace
Credit Committee - Chairperson

REPORT OF THE SUPERVISORY COMMITTEE

For Year Ended 31st December 2020

The Supervisory Committee is responsible for providing oversight of the internal audit function and for reviewing the effectiveness of internal control 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 our vulnerabilities within regulatory constraints and our mode of operation. The Committee members were duly elected at the last Annual General Meeting and after the required regulatory meeting, they served in the following capacities:

- Mr. Robert Arthurs — Chairman
- Ms. Kacia Scott — Secretary
- Ms. Camille Smith — Member
- Ms. Kamara Moodie — Member
- Ms. Kerline Redwood — Member

The pandemic has affected the Audit Plan and the schedule for 2019-2020, however, reviews were conducted by the Centralized Strategic Services and the Supervisory Committee, focusing on the following areas:

1. Loan Database Register
2. Assessment of AML CFT Framework
3. Review of the Anti-Fraud Policy

Additionally, the Committee continues to examine loan applications made during the period under examination and is satisfied that the relevant criteria were satisfied.

Audit findings generated from various reviews are being addressed by management and tracked periodically by the Committee to verify that audit findings are closed out on time. Management submits an MMU report via Team Central to the GraceKennedy Audit Committee, there is currently one audit item that resurfaced and is being tracked for completion.

Despite the challenges due to the pandemic, the Committee members will continue to execute our responsibilities remotely as best as possible. We are satisfied that the Credit Union has established practices and procedures sufficient to safeguard the members' assets and abide by the laws and regulations that governs the Credit Union's operation.

We wish to sincerely thank the Board of Directors, Management Team, Credit Committee and the members of staff of the Credit Union for their support during the year in enabling us to carry out our task.

Finally, I would also like to thank the members of this Committee for their commitment and dedication and to thank the membership for the privilege of serving during the year.

Mr. Robert Arthurs
Chairman

Robert Arthurs, Chairman

Kacia Scott, Secretary

Camille N. Smith

Kamara Moodie

Kerline Redwood

REPORT OF THE NOMINATING COMMITTEE

to the 52nd Annual General Meeting

In accordance with Article11 Rule #63 (i) the Board of Directors of Grace Co-operative Credit Union Limited appointed a Nominating Committee, which comprised the following persons:

Stanley Beckford	-	Chairperson
Ms. Camille Cadogan	-	Secretary
Ms. Karlene Burgess		

The Nominating Committee reports as follows:

Board of Directors

Retiring	**Recommended**	**Term**
Mr. Simon Roberts	Mr. Simon Roberts	2 years
Mr. E. Christopher Bond	Mr. E. Christopher Bond	2 years
Mr. Eric Mardner	Mr. Eric Mardner	2 years
Mr. Samuel Shelton	Mr. Samuel Shelton	2 years
Mr. Stanley Beckford	Mr. Stanley Beckford	2 years

Not Retiring	**Unexpired Term**
Mrs. Claudette Facey-Redwood	1 year
Mr. Gilroy Graham	1 year
Mr. Jerry Hamilton	1 year
Mrs. Karen Walker	1 year

Credit Committee

Retiring	**Recommended**	**Term**
Mr. Damian Lovelace	Mr. Damian Lovelace	2 years
Ms. Maria Lewis	Ms. Maria Lewis	2 years
Mrs. Hortense Gregory- Nelson	Mrs. Hortense Gregory- Nelson	2 years

REPORT OF THE NOMINATING COMMITTEE cont'd

Not Retiring	Unexpired Term
Mrs. Natalie Billings	1 year
Ms. Amia Brown	1 year
Mrs. Hortense Gregory- Nelson	1 year

Supervisory Committee

Retiring	Recommended	Term
Ms.Kerline Redwood	Ms. Kerline Redwood	1 year
Ms. Kamara Moodie	Mr. Gerron Thomas	1 year
Ms. Kacia Scott	Ms.Kacia Scott	1 year
Mr. Robert Arthurs	Mr. Robert Arthurs	1 year
Mrs. Camille N Smith	Mrs. Camille N Smith	1 year

Delegates to the League and other Societies

To be determined by the Board and Manager.

Camille Cadogan (Ms.)
Secretary

THE NEW NOMINEE

Gerron Thomas
Supervisory Committee

Mr. Gerron Thomas is the Group Risk Manager in the Corporate Executive office of GraceKennedy Group Limited. He previously held the position of Business Development Manager for Investments and Administration for the group. Prior to joining GraceKennedy, he worked at BDO Chartered Accountants, KMPG, Bank of Jamaica and Ernst and Young.

Mr. Thomas has a wealth of knowledge and experience in risk assessments, policies and procedures gap analysis, internal audit reviews, developing regulatory compliance framework for current state and future state assessments. His areas of expertise also include AML/CFT independent assessments, internal audit diagnostics, fraud reviews and process improvement reviews for large Banking, Investments, Money Services, Micro-Finance and other Corporate entities.

He is currently pursuing his Masters in Corporate Finance at the University of the West Indies. Mr. Thomas holds a Bachelor of Business Administration degree with a double major in Finance & Banking and Production & Operations Management with First Class Honours from the University of Technology, Jamaica. He holds a certificate in Global Leadership from the University of Buffalo. He is also a Certified Information Systems Auditor with the Information Systems Audit and Control Association (ISACA) a Certified Anti-Money Laundering Specialist with the Association of Certified Anti-Money Laundering Specialist (ACAMS).

ATTENDANCE REGISTER

51st Annual General Meeting - December 16, 2020

1. Latoya Adjety
2. Winsome Anderson
3. Randy Anderson
4. Robert Arthurs
5. Lorraine Barclay
6. Lenworth Beckford
7. Natalie Billings
8. Fitzroy Blake
9. Michael Boothe
10. Seymour Brandford
11. Yanique Brooks
12. Amia Brown
13. Karlene Burgess
14. Suwannee Caine
15. Charlene Campbell
16. Ian Carlyle
17. Dushaine Carty
18. Kerry Ann Castro
19. Deighton Christian
20. Kristen Clarke
21. Ayesha Cooke
22. Marsha Cope-Riley
23. Charmaine Creary
24. Ayen Crooks
25. Lurline Cummings
26. Natrecia Daley
27. Christine Davidson
28. David Dean
29. Kaydene DeSilva
30. Collena Doctor
31. Shauna Douglas
32. Cleon Edwards
33. Claudette Facey-Redwood
34. Jasmin Farmer
35. Marlon Ferguson
36. Keisha Forrest-Meeks
37. Racquel Francis
38. Dorrette Gordon
39. Gilroy Graham
40. Jean Grant
41. Leighton Grant
42. Ashlee Gray
43. Chantal Hall
44. Stacy-ann Hamilton
45. Jerry Hamilton
46. Dawn Hamilton
47. Jodi-Ann Harris
48. Michael Harrison
49. Dwayne Harvey
50. Erica Hayden
51. Althea Hibbert
52. Carlene Holness
53. Kaamal Johnson
54. Christopher Johnson
55. Jeffery Keddo
56. Angela Lawrence
57. Orville Levene
58. Maria Lewis
59. Peta-Gay Lewis-Smythe
60. Vynter Lothian
61. Maria Love
62. Eric Mardner
63. Michelle Mason
64. Sherefah McCalla
65. Denver McDonald
66. Garfield McKenzie
67. Monique Mclean
68. Omaine Miller
69. Maize Miller
70. Hope Mowatt
71. Sherene Nooks-Samuels
72. Corine Notice-Parkes
73. Agrey Palma
74. Andre Palmer
75. Lorne Phillips
76. Veronica Ralliford
77. Kerline Redwood
78. Aliya Reid
79. Kadeane Rennie-Hylton
80. Richard Riley
81. Tishan Riley
82. Cavell Satchell
83. Makeda Scott
84. Kacia Scott
85. Tulloch Sharneal
86. Marsha Small-Lindsay
87. Courtney Spence
88. Kaydonna Stephenson
89. Odian Stewart
90. Janette Taylor
91. Jacqueline Thompson
92. Shawn Thompson-Powell
93. Sandra Todd
94. Karen Walker
95. Madgie Walters
96. Alicia Williams
97. Strycen Williams
98. Marlene Wilson
99. Marcia Wilson
100. Janice Wright
101. Racquel Wynter-Blake

CONTACT PERSONS LIST

COMPANY	NAME
Hardware & Lumber Limited	Ms. Dorrette Gordon
Allied Insurance Brokers Limited	Ms. Cornelia Kennedy
Carib Star Shipping	Ms. Delorita Dean
CMA CGM (Jamaica) Limited	Ms. Maxine Hutchinson
Dairy Industries (Ja) Limited	Mrs. Melissa Edwards-Mitchel
First Global Bank	Ms. Judene Josephs
GFP Canning	Ms. Hyacinth Alexander
National Processors Ltd.	Ms. Hyacinth Alexander
GFP Meat	Ms. Natalie Vidal
Grace Foods International	Ms. Orlean Mears
Grace Foods Central	Ms. Orlean Mears
Gateway Shipping International	Mr. Loxley Tulloch
GraceKennedy Remittance Services	Mrs. Michelle Barnett
Hi-Lo Food Stores	Ms. Lorraine Robinson
GK General Insurance Company Ltd.	Ms. Sherene Sybron
Kingston Wharves Limited	Ms. Karen Morgan
World Brands Services	Ms. Amelia Beckford
Kingston Freeport Terminal Limited	Ms. Dianne Goban
Corporate Communication	Ms. Dionne Rhoden
Corporate HR Dept	Ms. Karlene Burgess
GK Financial Group	Mrs. Cavell Satchell
Customer Service/Credit Dept (GFS)	Mr. Jerry Hamilton
Facilities Management	Mrs. Shawn Thompson-Powell
Grace Food & Services	Mrs. Waynette Brown-Campbell
Grace & Staff Community Dev.	Ms. Tameica Lewis
Group Secretariat	Mrs. Lavern Llewellyn
Perez Y Cia (Ja) Limited	Ms. Keisha Bisnott
T-tech Limited	Mrs. Hortense Gregory-Nelson
Logistical Distribution & Services Ltd.	Ms. Janet Smith
Consumer Brands Limited	Mr. Kenny-Dee Bryan
Key Insurance Company Ltd.	Ms. Kaydene Desilva

Notes

Prayer of
Saint Francis of Assisi

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

O Divine Master,
Grant that I may not so much seek;
To be consoled as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving that we receive,
It is in pardoning that we are pardoned,
And it is in dying that we are born to Eternal Life.

GK INSURANCE
Because we care

It's a family ting!

COVERAGE that runs in the *family*

THE BUNDLE DEAL
THAT COVERS ***EVERY DRIVER!***

THE BIG DRIVERS IN THE FAMILY

WHO GETS COVERAGE:

- **Any driver** who is related to you, even if they don't live in your home.
- **A new driver** who is related to you.
- **Any non-relative driver** who lives in your home and can provide proof of address, can be added to your family policy.

GK INSURANCE
Because we care

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*conditions apply