



GRACE CO-OPERATIVE
CREDIT UNION LIMITED



2021 ANNUAL REPORT

53rd Annual General Meeting



We are always here for you!



Happiness is a Life that's protected



FAMILY INDEMNITY PLAN:

- Premiums start at \$422.40 per month.
- Covers you and up to five (5) eligible family members.
- Add children aged 1 to 25 who are not married.
- Add parents (any combination of two persons from your parents or parents-in-law).
- Applicants must be age seventy-five (75) or younger at the time of application.

FAMILY CRITICAL ILLNESS PLAN:

- Covers you and up to 5 family members.
- Critical Illness covered: Cancer, Heart Attack, Stroke, Coma, Major Burns, Paralysis.
- Access up to \$3,000,000

LOAN PROTECTION:

- Loan Protection is available to all Credit Union members under age 70.
- You enjoy additional insurance coverage at no direct cost to you. Your Credit Union pays the premium.
- **Grace Co-operative Credit Union** offers coverage up to \$1,000,000.00

LIVE SAVINGS INSURANCE:

- The more you save, the more insurance coverage you receive.
- You are insured in the event of death (natural or accidental) or dismemberment.
- You enjoy additional insurance coverage at no direct cost to you.
- **Grace Co-operative Credit Union** offers coverage up to \$200,000.00



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.



GRACE CO-OPERATIVE CREDIT UNION LIMITED



2021 Annual Report

Five Year Statistics	1
Agenda	3
Minutes of the 52 nd AGM	4
Report of the Board Of Directors	20
Report of the Treasurer	26
Financial Statements	31
Letter from the Registrar	32
Appropriation of Surplus	101
Team Members	102
Report of the Credit Committee	104
Report of the Supervisory Committee	109
Report of the Nominating Committee	110
Profile of the New Nominees	112
Attendance Register	113
Contact Persons List	114

**FIVE YEARS STATISTICS***for Period 2017 to 2021*

	2021	2020	2019	2018
PERMANENT SHARES	2,249,000	2,231,000	2,186,000	2,137,000
VOLUNTARY SHARES	492,477,438	437,671,488	391,682,668	372,655,582
% Increase over prior year	13%	11.74%	5.11%	3.42%
INSTITUTIONAL CAPITAL	75,838,902	72,794,407	69,982,452	68,089,031
% Increase over prior year	4%	4.02%	2.78%	6.94%
LOANS TO MEMBERS (Gross)	676,058,498	630,794,756	619,025,762	530,729,522
% Increase over prior year	7%	1.90%	16.64%	0.87%
TOTAL ASSETS	992,081,506	909,831,658	783,388,007	750,577,302
% Increase over prior year	9%	16.14%	4.37%	11.27%
CURRENT ASSETS ****	264,716,714	228,820,264	113,610,927	155,109,675
CURRENT LIABILITIES ****	904,670,947	826,368,522	703,022,313	674,671,875

INCOME AND SURPLUS

INCOME	80,524,116	79,217,416	74,348,200	70,765,942
% Increase over prior year	2%	6.55%	5.06%	-1.18%
EXPENSES	73,379,985	70,976,498	67,029,052	67,975,423
SURPLUS	8,194,461	6,991,014	7,036,759	2,384,344
% (Decrease)/Increase over prior year	17%	-0.65%	195.12%	-74.67%
UNDISTRIBUTED SURPLUS	7,997,214	7,133,286	6,937,799	3,428,991
RESERVES	70,732,951	67,667,456	64,810,501	63,908,042

RATIOS

	2021	2020	2019	2018
CURRENT ASSETS	0.29:1	0.28:1	0.16:1	0.23:1
SURPLUS TO INCOME	10%	8.83%	9.46%	3.37%
EXPENSES TO INCOME	91%	89.60%	90.16%	96.06%
INCOME TO TOTAL ASSETS	8%	8.71%	9.49%	9.43%
SURPLUS TO TOTAL ASSETS	1%	0.77%	0.90%	0.32%
UNDISTRIBUTED SURPLUS TO SHARE CAPITAL	1%	0.78%	0.89%	0.46%
MEMBERSHIP	2259	2187	2180	2127
BORROWERS	1163	1137	1167	1174
BORROWERS TO MEMBERSHIP	51%	51.99%	53.53%	55%



Notice of Annual General Meeting

Dear Valued Members,

Notice is hereby given that the 53rd Annual General Meeting of the Grace Co-operative Credit Union Limited will be in a hybrid format on Wednesday, June 8, 2022 at 2:00 p.m. in the Multifunction Room at 73 Harbour Street, Kingston to allow members to:

- 1) Transact the ordinary business of the society; and
- 2) Consider, and if thought fit, to approve a Resolution submitted by the Board of Directors in respect of amendments to the Rules of Grace Co-operative Credit Union limited regarding the permanent share required for membership. A copy of the full resolution and the 2021 Annual Report are available on our website at www.gracecreditunion.com.

Members are invited to register and attend the meeting online for our mutual health and safety. Registration is now open and will close on Tuesday, June 7, 2022 at 11:59 p.m. For more information on attendance, registration, voting and AGM documents please visit <https://iteneri.com/gccu> or call us at 876-932-3506-9.

Dated the 25th day of May 2022

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



AGENDA

1. Ascertainment of a quorum
2. National Anthem
3. Notice convening Annual General Meeting
4. Prayer
5. Welcome and apologies for absence
6. Confirmation of Minutes of the 52nd Annual General Meeting
7. Resolutions
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 52nd ANNUAL GENERAL MEETING OF GRACE CO-OPERATIVE CREDIT UNION LIMITED HELD IN HYBRID FORMAT ON WEDNESDAY, JULY 28, 2021 IN THE MULTIFUNCTION ROOM AT 73 HARBOUR STREET, KINGSTON.

ASCERTAINMENT OF QUORUM, CALL TO ORDER

Having ascertained that a quorum was present, Chairman Jerry Hamilton called the meeting to order at 2:40 p.m.

HOUSEKEEPING MATTERS

The Chairman informed of the following:

- 1) Resolutions would be presented that afternoon to change the format of the meeting to include virtual and hybrid meetings and other matters.
- 2) Zoom meeting platform raised hand feature to be utilized. Credit Union team and technical team would monitor.
- 3) The need for the quorum to be maintained to make any final decision was emphasized.
- 4) The representative for the Department of Co-operative Societies was present.
- 5) Secretary Claudette Facey-Redwood carried the meeting through the Resolutions. The Resolutions were read.

RESOLUTIONS

WHEREAS Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations respectively provide for the amendment of the Co-operative Society's Rules;

WHEREAS Article XXII, Rule 79 allows for amendments to the Rules of the Grace Co-operative Limited;

WHEREAS Article VII, Rule 33 (i), Article X, Rule 52, Article XI, Rule 54 is being proposed for amendments in the Rules of the Grace Co-operative Credit Union Limited;

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

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

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

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



MINUTES *cont'd*

WHEREAS this Credit Union has agreed to adopt and accept all the interpretations so ascribed under the said regulations and intends that all amendments hereunder proposed are to be operational immediately and binding upon members, consequently upon approval at this general meeting of members and subject to the Registrar of Co-operative Societies immediate certification.

BE IT RESOLVED that Article XI, Rule 54 which now reads:

- (i) The supreme authority in the Credit Union is vested in the General Meeting of members at which every member has a right to attend and vote on all questions; and
- (ii) The first General Meeting of members after registration of the Credit Union shall be called the First Annual General Meeting, and shall have the same powers as are herein given to the Annual General Meeting.

Be amended to read by adding the following additional sentences after the current sentences:

- (iii) References to a "meeting" shall mean a meeting convened and held in a physical location only or via virtual-only and/or in a hybrid manner through a combination of both physical and electronic communication system. Members shall be deemed to be present at that meeting for all purposes of the Rules, applicable laws, and the Cooperative Societies (Amendments) Regulations 2021 and said attendance shall be construed to allow the member present in any one of these for a to attend and fully participate in any such meetings.

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

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

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

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

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



MINUTES *cont'd*

- (ix) Votes (whether by a show of hands or ballot or by way of a poll) may be cast through or by electronic means or otherwise, in keeping with the Cooperative Societies (Amendment) Regulations 2021.
- (x) If voting is to take place at the meeting, there must be reasonable measures in place to verify that every person voting at the meeting by means of electronic communication system is sufficiently identified, and the Secretary shall keep record of any vote or action taken.
- (xi) The failure or inability of a member to attend or remain in an Annual or Special General Meeting held in a hybrid or virtual-only meeting, as a result of a mistake or events beyond the control of Grace Co-operative Credit Union Limited shall not constitute a defect in the calling of the Annual or Special General Meeting and shall not invalidate any decisions, resolutions passed or proceedings taken at that Annual or Special General Meeting.
- (xi) The provision of these rules shall apply, with any necessary modification, to hybrid-meetings and virtual-only meetings.

BE IT RESOLVED THAT Article XI, Rule 58 which now reads:

At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the meeting in a conspicuous place in every office of the Credit Union and cause appropriate notice of the meeting to appear in a major daily newspaper or electronic media or cause written notice to be mailed to each member at his address as the same appears on the Records of the Society.

BE AMENDED TO READ:

- (i) At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall issue a written notice of the meeting to be delivered by electronic means and printed in one daily newspaper or posted in a conspicuous place in the Head Office of the Society.
- (ii) Where an Annual or Special General Meeting is either virtual-only or hybrid-meeting, the Secretary shall cause the notice of the meeting to provide instructions for attendance and participation, including voting by member, electronically, and an electronic link for attendees.

ADD SUB-RULE (iii) at Rule 59 (d) to read:

“Where the meeting is held as a hybrid-meeting or virtual-only meeting and during the meeting a number of members participating, virtually, cease to be able to participate in the meeting, at any time and for any period during the meeting, in such numbers that the quorum requirement for that meeting is not met, all business transacted at that meeting, including matters put to the vote and any resolution passed, shall be void.”

BE IT RESOLVED THAT ARTICLE VII, RULE 33: BOARD OF DIRECTORS WHICH NOW READS:

- (i) The Board of Director shall meet as often as the business of the Credit Union may require and, in any case, not less frequently than once in every two months.



MINUTES *cont'd*

Meetings of the Board shall be summoned by the Secretary in writing. The Secretary shall also call a meeting of the Board upon the request of the Chairman or in his absence, the ranking of Vice-Chairman or of any three (3) Directors.

- (ii) Minutes of meetings of the Board of Directors shall be recorded by the Secretary and shall be signed by the President or other presiding member and by the Secretary and shall contain the following particulars:-

- a) The names of the members present and the date of the meeting
- b) The name of the President or other presiding member; and
- c) A short statement of all matters discussed and decisions made, and a record as to whether each decisions made, and a record as to whether each decision was made unanimously or by majority.

ADD SUB-RULE (iii) and (iv) after Rule 33 (ii) to read:

- (iii) Any meeting of the Board of Directors or any committee designated by the Board may be held by telephone conference call or other communications equipment, including video conferencing technology. Each person entitled to participate in the meetings must consent to the meeting being held of that system. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified and be heard. The system must facilitate the recording of any vote or other action taken at the meeting.

- (iv) For the purpose of determining the quorum and for all other voting purposes, attendance at such meetings shall constitute presence in person at the meeting. For the purposes of this rule, the laws of Jamaica shall apply to any meeting of the Board or sub-committees and the meeting be deemed to take place in Jamaica.

BE IT RESOLVED THAT ARTICLE IX, RULE 45 (CREDIT COMMITTEE) WHICH NOW READS:

The Credit Committee shall hold such meetings as the business of the Credit Union may require, and not less frequently than once per month. Due notice of such meetings shall be given to the other members of the Committee by the Secretary.

ADD SUB-RULE (i) and (ii) after Rule 45 to read:

- (i) Any meeting of the Credit Committee may be held by telephone conference call or other communications equipment, including video conferencing technology. Each person entitled to participate in the meetings must consent to the meeting being held of that system. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified and be heard. The system must facilitate the recording of any vote or other action taken at the meeting.
- (ii) For the purpose of determining the quorum and for all other voting purposes, attendance at such meetings shall constitute presence in person at the meeting. For the purposes of this rule, the laws of Jamaica shall apply to any meeting of the Credit Committee and the meeting be deemed to take place in Jamaica.



MINUTES *cont'd*

BE IT RESOLVED THAT ARTICLE X, RULE 52(i) (a-f) (SUPERVISORY COMMITTEE) WHICH NOW READS:

- (i) The Supervisory Committee shall:-
- a) At frequent intervals inspect the securities, cash and accounts of the Credit Union;
 - b) Make an examination of the affairs of the Credit Union;
 - c) By unanimous vote, if it deems such action necessary to the proper conduct of the Credit Union, suspend any Officer, member of the Board of Directors or Credit Committee and within fourteen (14) days thereafter call a Special General Meeting of the members to take such action relative to the suspension as the members may determine;
 - d) Receive and investigate any complaint made by any member affecting the proper running of the Credit Union;
 - e) By a majority of its members, call a Special General Meeting of members to consider any violation of these Rules or any practice of the Credit Union, which, in the opinion of the Committee is unsafe and unauthorized;
 - f) At least once a year cause the passbooks and accounts of all members to be verified with the records of the Treasurer. The Committee shall maintain a record of such verification.

ADD SUB-RULE (i) (g-h) after Rule 52 (i) (a-f) to

read:

- (g) Any meeting of the Board of Directors or any committee designated by the Board may be held by telephone conference call or other communications equipment, including video conferencing technology. Each person entitled to participate in the meetings must consent to the meeting being held of that system. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified and be heard. The system must facilitate the recording of any vote or other action taken at the meeting.
- (h) For the purpose of determining the quorum and for all other voting purposes, attendance at such meetings shall constitute presence in person at the meeting. For the purposes of this rule, the laws of Jamaica shall apply to any meeting of the Board or sub-committees and the meeting be deemed to take place in Jamaica.

BE IT RESOLVED THAT ARTICLE XXII, RULE 79 (AMENDMENTS TO RULES) WHICH NOW READS:

These rules may be amended by a resolution of the members at any Annual General Meeting or Special General Meeting called for the purpose by three-fourths vote of those present and entitled to vote, provided a copy of the proposed amendment together with a written notice of the Meeting shall have been sent to each member or handed to him in person at least seven (7) days before the said Meeting.



MINUTES *cont'd*

No amendment shall become operative until it has been approved by the Registrar in accordance with the Law.

BE AMENDED TO READ:

These Rules may be amended by a resolution of the members at the Annual General Meeting or Special General Meeting called in accordance with **Article XI, Rule 54** for the purpose by at least three-fourth votes of those members present either Physically, Virtual-only or at a Hybrid-meeting provided a copy of the proposed amendments together with a written notice of the meeting shall have been sent to each member by electronic means and printed in one daily newspaper at least seven (7) days before the said meeting. No amendment shall become operative until it has been approved by the Registrar in accordance with the Law.

On a motion by Robert Arthurs and seconded by Camille Cadogan the Resolutions were adopted as read.

The representative from the Department of Co-operative and Friendly Societies, Tresann Thompson carried the meeting through the poll voting of the Resolutions.

It was confirmed that One Hundred and Two (102) members were present and eligible to vote. Ninety-Four (94) online and eight (8) in person. As a hybrid meeting, for the Resolution to be successfully passed, three fourths of the number of members present, that

is 77, must vote using the poll which was displayed on the screens of the participants.

The results of the poll: 93 for the Resolutions and 1 abstention.

All Eight (8) members in person voted for the resolution.

The Resolution was successfully passed.

General Manager, Makeda Scott was advised to submit two copies of the Resolution to the Department of Co-operative Societies.

The meeting continued.

NATIONAL ANTHEM

The National Anthem was played.

NOTICE CONVENING ANNUAL GENERAL MEETING

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

PRAYER

General Manager, Makeda Scott led the meeting in the Prayer of St. Francis of Assisi.



MINUTES *cont'd*

WELCOME & APOLOGIES FOR ABSENCE

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

Tresann Thompson	- Department of Co-operative & Friendly Societies
Kleo-ann Errar	- Jamaica Co-operative Credit Union League
Melaine Campbell	- Jamaica Co-operative Credit Union League
Howard Irons	- Gilbert Thompson & Company

Members of the Board and Committee members.

Retirees

First time members

Regular members

Apologies for absence were tendered on behalf of Katrina D'Aguilar.

CONFIRMATION OF THE MINUTES OF THE 51st ANNUAL GENERAL MEETING AND MATTERS ARISING

Secretary Claudette Facey-Redwood carried the meeting through the confirmation of the Minutes of the 51st Annual General Meeting held on December 16, 2020. It was taken as read on a motion by Eric Mardner and seconded by Chantal Hall.

A motion to accept the Minutes as circulated was proposed by Hope Mowatt and seconded by Shauna Douglas.

REPORTS

a) Report of the Board of Directors

The Report of the Board of Directors for the year 2020 was read by the President, Jerry Hamilton.

The highlights were as follows:

The President reported that at the dawn of 2020, the Grace Cooperative Credit Union looked forward to celebrating its 50th Anniversary milestone.

Celebrations started with a memorable Thanksgiving Service, where past and present members in joined 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. That 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, the Credit Union had to discover new ways to serve members, regardless of physical location.



MINUTES *cont'd*

Despite the challenges, the 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

Savings Deposits

At the end of December 2020, members' savings increased by 3%, moving from \$277M to \$347M. That could be attributed to members seeking 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%, 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 as at December 2020.

Delinquency

The 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%. That 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, membership stood at 2,187, moving from 2,283 at the end of 2019.

Education Grants

In 2020, the Credit Union continued the tradition of providing grants to children of members of the Credit Union. Twelve students received bursaries, broken down as follows:

- 6 who have completed at PEP level
- 3 at Secondary level
- 3 the tertiary level

**MINUTES cont'd****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	- 1 st Vice President
Christopher Bond	- 2 nd Vice President
Eric Mardner	- Treasurer
Karen Walker	- Assistant Treasurer
Claudette Facey-Redwood	- Secretary
Stanley Beckford	- Assistant Secretary
Simon Roberts	- Director
Samuel Shelton	- Director

Supervisory Committee

Robert Arthurs	- Chairman
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	6	0
Gilroy Graham	5	6	0
Christopher Bond	5	5	1
Eric Mardner	5	6	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.



MINUTES *cont'd*

Makeda Scott has also been participating in the GraceKennedy sponsored Supervisory Development Programme, which ends in 2021.

General Manager, Hope Mowatt, was slated for retirement at the end of the year. Accountant, Makeda Scott, was being coached as the successor.

Obituaries

Tribute was extended 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

Condolences were extended to the family members.

Future Plans

In light of the pandemic, the Credit Union, like other organizations, will continue to seek opportunities that will strengthen the operations through technological improvements, and enhance service offerings. The Board's commitment is to continue to assist members achieve their personal financial goals by providing efficient and quality service.

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.

Acknowledgements

Grace Credit Union was awarded Credit Union of the Year and Highest Asset Growth for the year 2020. President Jerry acknowledged the commitment and support of the Directors and other volunteers for providing oversight of the Credit Union.

Special thanks were extended to Ms. Hope Mowatt, for her outstanding contribution to the Credit Union over the last twelve years. She would however continue to assist with the changing of the guard for the first three months of 2021.

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.



MINUTES *cont'd*

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

The Report of the Board was adopted on a motion by Rayon Russell and Dawn Hamilton.

The Motion was carried.

b) (i) Auditor and Treasurer's Reports

Auditor's Report

On a motion by Claudette Facey-Redwood and seconded by Damian Lovelace, the meeting agreed to take an abridged version of the Auditor's Report.

The Auditor's Report was read by Howard Irons.

Treasurer's Report

The Treasurer's Report was presented by Eric Mardner.

After the following amendments to the Treasurer's Report, the Report was taken as read on a motion by Rayon Russell and seconded by Samuel Shelton:

1. Row (a) Column 2020 634,883,023
2. Row (g) -36,332,030

Treasurer Eric opened his Report by informing that the

Credit Union performed exceptionally well in 2020 when there was a pandemic and a number of changes.

The Credit Union received \$67M in interest on loans, \$4.9M in investment income, and \$7.3M non-interest income which represented fee income and commission. The total interest income of \$71.9M represented 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. and 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, a reduction of 205%.

In conclusion, the Treasurer stated that the team led by Hope Mowatt was able to return a surplus of approximately \$7M; had the highest asset growth in the year for its size and capped the Credit Union of the Year award. The team was able to make the necessary changes while focusing on the needs of the members resulting in an exceptional performance for the year.

The Treasurer went on to state that the Management and Board of Directors were committed to providing financial solutions that would positively impact the quality of living of the members.

The Treasurer extended appreciation to the hard-working management and staff of the Credit Union for their efforts and dedication during the year. Special thanks extended to Hope Mowatt for her leadership over the years. 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.



MINUTES *cont'd*

The Reports of the Auditor and Treasurer were adopted on a motion by Samuel Shelton and Amia Brown.

The Motion was carried.

(ii) Appropriation of Surplus

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

Surplus as at December 31, 2020 was \$6.9 million. After the 20% Statutory Reserve, the amount available for Distribution was \$5.7 million. However, after deducting Additional Statutory Reserve of 20%, Dividend on Permanent Shares, Additional Interest and Donations, the Undistributed Surplus was \$1.4 million.

Motion for the adoption of the Declaration of Surplus was proposed by Eric Mardner and seconded by Gilroy Graham.

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.

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 Eric Mardner and Sydoney Johnson.

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 Eric Mardner and Rayon Russell.

The Motion was carried.

d) Credit Committee Report

On a motion by Claudette Facey-Redwood and seconded by Samuel Shelton the Report of the Credit Committee was taken as read.

Report of the Credit Committee was presented by Damian Lovelace.

Highlights of the Report:

A total of 1,434 loans was disbursed as at December 31, 2020. That represented a decrease of 365 fewer loans or a reduction of 25.45% disbursed over the same period in 2019, which was 1,799 loans.

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

In the months of January and March there was an increase in the amount of loan disbursed over the same period in 2019. The months of 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. In December there was a decline of 45% decline when compared to the same period in 2019. Disbursement of \$16.56m in 2020 vs \$30.13m in 2019.



MINUTES *cont'd*

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 continued 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 by 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 continued 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. Those categories contributed significantly to the loan performance.

The impact of the pandemic can be attributed to the below par performance in the loan portfolio.

The Credit Union needed to continuously monitor the loan portfolio position and adjust the rates and product offerings to continued viability in supporting members.

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 despite competition from other related entities and the impact of the Covid-19 pandemic.

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 Samuel Shelton and Karen Walker, 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.



MINUTES *cont'd*

On a motion by Rayon Russell and seconded by Yvonne Nethersole, 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 pandemic affected the Audit Plan and the schedule for 2019-2020. Reviews were however 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 continued to examine loan applications made during the period under examination and was satisfied that the relevant criteria were followed.

Audit findings generated from various reviews were being addressed by management and tracked periodically by the Committee to verify that audit findings were closed out on time.

Management submitted an MMU report via Team Central to the GraceKennedy Audit Committee. There was one audit item that resurfaced and was being tracked for completion.

Despite the challenges due to the pandemic, the Committee members will continue to execute their responsibilities remotely as best as possible. The Committee is 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.

In closing, 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.

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 Corrine Notice and seconded by Gilroy Graham

The Motion was carried.

ELECTION OF OFFICERS

General Manager presented the report of the Nominating Committee.

Tresann 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.



MINUTES *cont'd*

The results were as follows:

Board of Directors

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

On a motion by Rayon Russell and seconded by Philip Alexander the elected nominees were accepted to serve on the Board of Directors.

Credit Committee

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

On a motion by Samuel Shelton and seconded by Camille N. Smith, the elected nominees were accepted to serve on the Credit Committee.

Supervisory Committee

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

Kamara Moodie was thanked for her services to the Supervisory Committee.

On a motion by Amia Brown and seconded by Sydney Johnson the elected nominees were accepted to serve on the Supervisory Committee.

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.

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

ANY OTHER BUSINESS

The General Manager presented the team of the Credit Union to the meeting.

They were:

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

General Manager Makeda Scott saluted the team for working tirelessly during 2020 despite the challenges brought about by the pandemic. The General Manager encouraged those members present to give the virtual thumbs up for retired General Manager Hope Mowatt, staff, volunteers and the Board of Directors.

President Jerry Hamilton expressed appreciation to the GraceKennedy Facilities team for arranging the Multifunction Room and to the team who provided technological support, Affinity Technology.

ADJOURNMENT

The meeting adjourned at 4:25 p.m.



Salute

Tribute

TO OUR SPONSOR COMPANY

Jerry Hamilton



*A seed was planted by men of vision
On an island in the middle of the Caribbean
Engaged in trade with a global mission
Has grown to 100, a company of great recognition*

*Now a strong tree with its branches spread
Around the world it is pressing ahead
Bearing fruits and sharing wealth
Buttressed by its core values and financial health*

*GraceKennedy, built on honesty, integrity and trust
For a century, customer service was a must
Celebrating this milestone with much fanfare
Is quite in order, for a Group that lives "We Care"*

*We give thanks for our forefathers
Our customers, staff and shareholders
As we look to the future, our hope in God we raise
May our story, bring glory and resound to Him in praise.*



REPORT OF THE BOARD OF DIRECTORS

for year ended 31st December 2021

OVERVIEW

Going into the second year of the pandemic, one of GCCU's area of focus was to build on the learning and gains of the previous year. With gathering limits, curfews, working from home and changes in operating protocols still in place, acceptance of and working with the new normal was now commonplace. As restrictions on movement were gradually relaxed throughout the year and economic activities began to improve, our members appetite for borrowing also slowly started to improve.

The year 2021 was one to remember in that we departed for the first time from the usual face-to-face format for conducting our Annual General Meeting. Instead we successfully staged a hybrid format whereby most members were online while the presenters and organisers were at a physical location. This move was supported by our regulator and changes to our rules which was approved by our members. During the year, we also experienced the changing of the guard, with the appointment of a new General Manager, Ms. Makeda Scott. We also bade farewell to our outgoing General Manager of twelve years, Ms. Hope Mowatt, who went off on retirement.

Despite the challenges emanating from the pandemic,

our credit union performed much better in 2021 than in the prior year. We ended the year with a surplus of \$8.19M, which was 17% above the \$6.99M achieved in 2020.

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

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



FINANCIAL PERFORMANCE HIGHLIGHTS

	2021 JS000	2020 JS000	GCCU Annual Growth	Average Movement Growth
Permanent Shares	2,249	2,231		
Voluntary Shares	492,477	437,671	13%	
Saving Deposits	375,177	347,401	8%	10.2%
Net Loans	676,058	630,795	7%	6.1%
Total Assets	992,082	909,832	9%	9.8%
Surplus	8,194	6,991	17%	



REPORT OF THE BOARD OF DIRECTORS *cont'd*

SAVINGS DEPOSITS

At the end of December 2021, members' savings increased by 8%, compared to 3% in 2020, moving from \$347M to \$375M. In comparison, the credit union movement's annual savings growth rate was 10.2% in 2021.

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

LOANS and TOTAL ASSETS

Although the financial performance of 2021 showed improvement over 2020, growing the loans portfolio continued to be challenging with the continuation of the pandemic. Many members remained cautious about borrowing as there was still a high level of uncertainty in the economic environment. Unlike 2020 when loans growth was 2% for our credit union, the outcome improved to 7% in 2021. The performance of the credit union movement showed a similar trend, with average loans growth of 6.1% in 2021, compared to 3.6% in 2020.

The Total Assets Portfolio increased by 9%, moving from \$910M in 2020 to \$992M at the end of December 2021.

DELINQUENCY

Our Credit Union continued to maintain its excellent

delinquency management record, ending the year with a delinquency ratio of 0.29%. The delinquency ratio remained below the targeted 1% throughout the year.

LIQUIDITY

Our credit union maintained strong liquidity throughout the year. At December 31, 2021, the ratio was 31%. This performance was influenced by steady growth in savings, which at times outpaced the loans growth. For many years, GCCU members have maintained a robust savings culture even if they are not borrowers.

MEMBERSHIP

At the end of 2021, our membership stood at 2,259, moving from 2,187 at the end of 2020.

COOPERATIVE SOCIAL RESPONSIBILITY

In 2021, 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.

Staff of our credit union were also engaged in giving back to the community by visiting the Golden Age Home at 3 St. Joseph Avenue, Kingston 3, where they donated food items and other household products. The residents and staff were greatly appreciative of this gesture.

**REPORT OF THE BOARD OF DIRECTORS *cont'd*****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	- 1 st Vice President
E. Christopher Bond	- 2 nd Vice President
Eric Mardner	- Treasurer
Samuel Shelton	- Assistant Treasurer
Claudette Facey-Redwood	- Secretary
Stanley Beckford	- Assistant Secretary
Simon Roberts	- Director
Karen Walker	- Director

Supervisory Committee

Robert Arthurs	- Chairperson
Kacia Scott	- Secretary
Camille N. Smith	
Gerron Thomas	
Kerline Redwood	

Credit Committee

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

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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

DIRECTORS	Max # possible	# at which present	# at which excused
Jerry Hamilton	7	7	0
Gilroy Graham	7	7	0
Christopher Bond	7	5	2
Eric Mardner	7	3	4
Karen Walker	7	2	5
Claudette Facey-Redwood	7	6	1
Stanley Beckford	7	5	2
Simon Roberts	7	6	1
Samuel Shelton	7	7	0



REPORT OF THE BOARD OF DIRECTORS *cont'd*

HUMAN RESOURCES AND TRAINING

Training also continued to be an integral part of our credit union's focus. In 2021, all staff and volunteers participated in POCA training. Staff were also involved in the following training courses: Customer Service, IT Security and Delinquency and Collections Management. Makeda Scott also completed the GraceKennedy sponsored Supervisory Development Programme, tying with another participant for the best presentation of the project.

At the end of the year we bade farewell to Dushaine Carty, Accounting Clerk. We thank him for the role he played in serving our members.

OBITUARIES

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

- Carlton King
- Patrick Henry
- Keith Hawkins
- Bridgette Campbell
- Neville Thompson
- Kordell Clarke

We wish to extend our condolences to their family members.

FUTURE PLANS

With the ongoing 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, reinforced by improved processes and controls.

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

ACKNOWLEDGEMENTS

As I close, 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.

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



REPORT OF THE BOARD OF DIRECTORS *cont'd*



Makeda Scott (right), General Manager at Grace Credit Union presents food items to Mrs. Delfreda Thorpe (left) Operations Manager at the Golden Age Home at 3 St. Joseph's Avenue, in celebration of International Credit Union Week.

The Grace Credit Union Team presents donation of food items to the Golden Age Home at 3 St. Joseph's Avenue, in celebration of International Credit Union Week.





REPORT OF THE 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 year ended 31st December 2021



Grace Co-op Credit Union received \$68.1M in interest on loans, \$5.4M in investment income, and \$7.1M in non-interest income which represented fee income and commission. This total interest income of \$73.4M represents an increase of \$1.5M or 2.2% when compared with the previous year (71.9M).

The assets were \$992M at the year ended 2021 up from \$910M in 2020, an increase of \$82M. Loans less allowance for losses increased by \$45M from \$631M in 2020 to \$676M in 2021, an increase of 7.2%. Liquid assets increased from \$224M to \$260M in 2021, an increase of 16.3%.

STATEMENTS

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

	2021 \$	2020 \$
a) Total Permanent Shares	2,249,000	2,231,000

We also own collectively as a society, the following:

i) Statutory Reserves to provide stability to the Credit Union	69,407,508	66,363,013
ii) Education Fund	214,793	214,793
iii) Capital Revaluation Reserve	6,431,394	6,431,394
iv) Bad Debt Reserve	1,856,074	4,088,267
v) Special Reserve	785,736	785,736
vi) Donation Reserve	60,000	60,000
vii) Unclaimed Share Reserve	169,914	169,914
viii) Share Transfer Reserve	95,000	74,000
ix) We have previous earnings that have not been returned to us as dividends. This amount is:	1,441,646	1,540,475
x) This year our net earnings is	<u>6,555,701</u>	<u>5,592,811</u>

The total we own in reserves, provision and earnings is	<u>89,266,766</u>	<u>87,551,403</u>
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**REPORT OF THE TREASURER *cont'd***

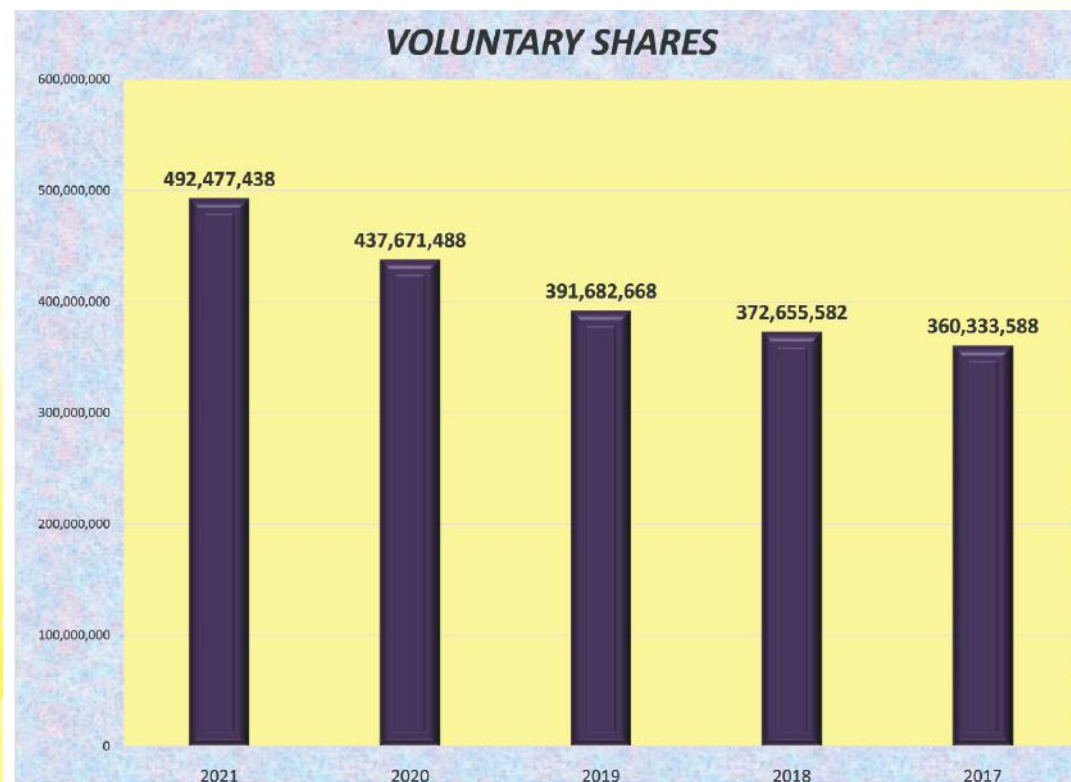
	2021	2020
	\$	\$
The grand total we have is	89,266,766	87,551,403
The money we have has been:		
a) Loaned to members	677,914,572	634,883,023
b) Used to Tangible and Intangible Assets (net book value)	1,495,838	899,307
c) Invested in:-		
i) Shares in the Jamaica Cooperative Credit Union League	5,546,592	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	19,992,827	19,499,709
iv) Jamaica Cooperative Credit Union - Cu Cash	248,474,975	211,603,806
v) Cu Premium, CUET & Qnet*	271,037	271,030
d) Bank account, etc	11,889,936	12,252,379
e) But we owed Depositors and external creditor	(375,177,070)	(347,400,925)
f) Members' voluntary shares	(492,477,438)	(437,671,488)
g) Others (Receivables, Payable and Accruals)*	<u>(32,664,503)</u>	<u>(36,332,030)</u>
The grand total of the loans and investment we have made is	<u>89,266,766</u>	<u>87,551,403</u>
Our Income has been earned from:-		
a) Interest on loans to members	67,292,116	66,973,780
b) Interest on Investments	779,440	37,343
c) Interest on investment with J.C.C.U.L .	5,361,357	4,874,301
d) Other sources	<u>7,091,203</u>	<u>7,331,992</u>
	<u>80,524,116</u>	<u>79,217,416</u>

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

	2021	2020
	\$	\$
The expenses for the year were:-		
Salaries and related expenses	34,905,995	33,940,521
Insurance - Loan Protection and Life Saving (L.P&L.S)	4,489,763	4,465,652
Facilities Fee	5,880,996	5,600,976
Interest Expense	18,266,912	15,578,556
Stationery	768,708	414,192
Dues and fees to J.C.C.U.L.	2,335,434	2,094,044
GCT	2,744,596	2,394,880
AGM, Seminars and other meetings	1,279,432	1,396,572
Professional Fees	1,737,503	562,500
Audit fees	1,023,996	785,004
Provision for bad debts	(1,050,330)	478,814
Education Grant	420,000	420,000
Depreciation and amortization	494,599	735,700
General expenses	(967,949)	3,358,991
TOTAL EXPENSES	<u>72,329,655</u>	<u>72,226,402</u>
This leaves us a surplus of:-	8,194,461	6,991,014
We are setting aside Statutory Reserves as required by the Act	(1,638,892)	(1,398,203)
	6,555,569	5,592,811
Together with the undistributed earnings from previous year	<u>1,441,645</u>	<u>1,540,475</u>
Undistributed earnings	<u>7,997,214</u>	<u>7,133,286</u>

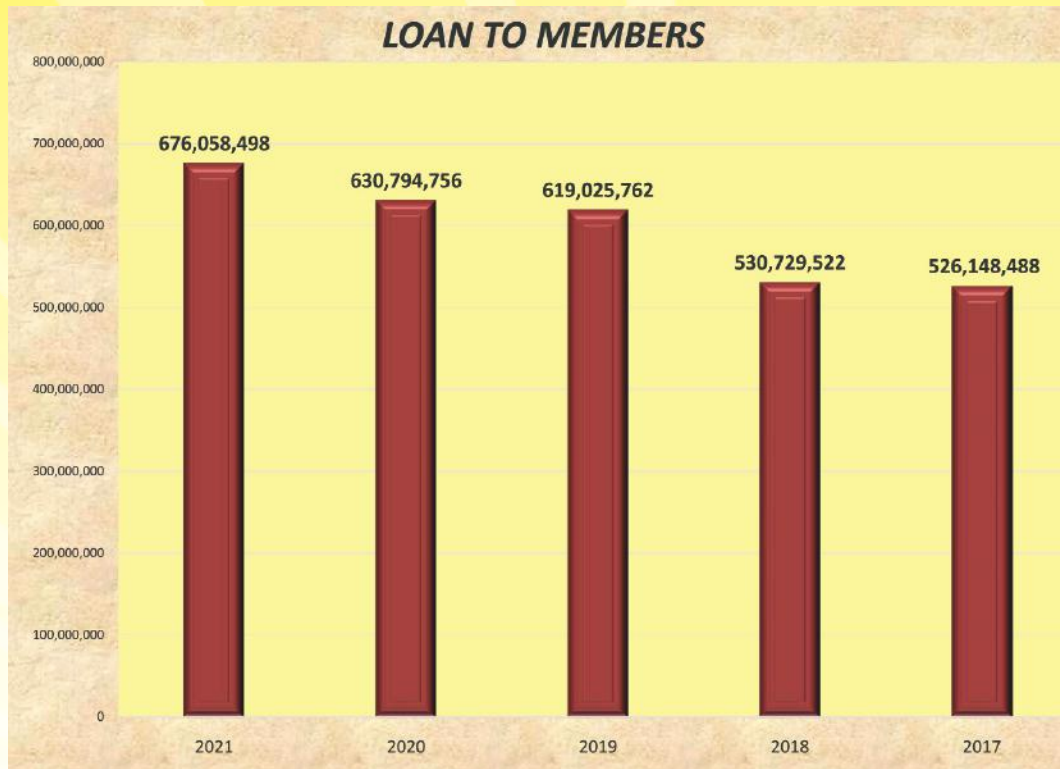


REPORT OF THE TREASURER *cont'd*





REPORT OF THE TREASURER *cont'd*



CONCLUSION

The team showed their commitment to providing financial solutions that has positively impacted the quality of living of its members. This resulted in surplus of \$8million,an increase of \$45 million in loans over last year and increased total assets by \$82 million. The team continued to be dynamic, making the changes necessary to meet the needs of the members resulting in growth for the members.

I wish to extend thanks to the hard-working management and staff of the credit union for their efforts and dedication during the year and a special

thanks to 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



GRACE CO-OPERATIVE CREDIT UNION LIMITED

2021 Annual Report

Financial Statements

31 December 2021

Letter from the Registrar	32
Independent Auditor's Report to the Registrar	33-36
Financial Statements:	
Statement of Surplus or Deficit and Other Comprehensive Income	37
Statement of Financial Position	38-39
Statement of Changes in Equity	40-42
Statement of Cash Flows	43
Notes to the Financial Statements	44-100





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

R376/400/03/22

March 29, 2022

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

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the financial year ended December 31, 2021.

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

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

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

Yours truly,

Lavern Gibson-Eccleston (Mrs.).

(For) REGISTRAR OF CO-OPERATIVE SOCIETIES
AND FRIENDLY SOCIETIES

HOPE GARDENS

Hope Gardens, Kingston 6
(876) 977-2277 / 927-1948
Fax (876) 977-2698

MANDEVILLE, MANCHESTER

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

MONTEGO BAY, ST. JAMES

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



Gilbert Thompson & Company 2017

Chartered Accountants



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 37 to 100, which comprise the statement of financial position as at 31 December 2021, 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Co-operative Societies Act.

Basis for Opinion

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

We are independent of the 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.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Gilbert Thompson & Co. 2017

Chartered Accountants

February 18, 2022

Partner: Howard Irons, Consultant: Cyrene Gilbert



STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> <u>\$</u>	<u>2020</u> <u>\$</u>
INTEREST INCOME			
Interest on loans and advance to members		67,292,116	66,973,780
Interest on liquid assets		779,440	37,343
Interest on investment		1,982,438	2,225,402
Interest JCCUL – Cu Max		<u>3,378,919</u>	<u>2,648,899</u>
		73,432,913	71,885,424
INTEREST EXPENSE			
Interest on saving deposits		(17,937,383)	(15,242,421)
Other financial cost		<u>(329,529)</u>	<u>(336,135)</u>
NET INTEREST INCOME		55,166,001	56,306,868
Impairment losses on financial assets		<u>1,050,330</u>	<u>(478,814)</u>
		56,216,331	55,828,054
Non-Interest income	8	<u>7,091,203</u>	<u>7,331,992</u>
NET INTEREST AND OTHER INCOME		63,307,534	63,160,046
OPERATING EXPENSES	9	<u>(55,113,073)</u>	<u>(56,169,032)</u>
SURPLUS FOR YEAR, BEING TOTAL COMPREHENSIVE INCOME		<u>8,194,461</u>	<u>6,991,014</u>



STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> <u>\$</u>	<u>2020</u> <u>\$</u>
ASSETS			
EARNING ASSETS:			
Liquid Assets	10a	248,474,975	211,603,806
Financial investments	11	49,810,456	49,317,331
Loans to members	12	<u>676,058,498</u>	<u>630,794,756</u>
		<u>974,343,929</u>	<u>891,715,893</u>
NON-EARNING ASSETS:			
Cash in hand and at Bank	10b	11,889,803	12,252,379
Other assets	13	4,351,936	4,964,079
Property, plant and equipment	14a	775,048	381,108
Intangible assets	14b	<u>720,790</u>	<u>518,199</u>
		<u>17,737,577</u>	<u>18,115,765</u>
TOTAL ASSETS		<u>992,081,506</u>	<u>909,831,658</u>



STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

LIABILITIES AND EQUITY

LIABILITIES

Interest bearing liabilities:

Members' deposit	15a	375,177,070	347,400,925
Voluntary shares	15b	<u>492,477,438</u>	<u>437,671,488</u>
		867,654,508	785,072,413

Non-interest bearing liabilities:

Payable and accruals	16	<u>37,016,439</u>	<u>41,296,109</u>
		<u>904,670,947</u>	<u>826,368,522</u>

EQUITY

Members' share capital	17	2,249,000	2,231,000
Non-institutional capital			
Retained earnings and reserve	18	1,325,443	1,304,443
Undistributed surplus		7,997,214	7,133,286

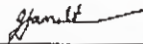


Institutional capital:

Statutory and legal reserve	19a	69,407,508	66,363,013
Capital revaluation reserve	19b	<u>6,431,394</u>	<u>6,431,394</u>
		<u>87,410,559</u>	<u>83,463,136</u>

TOTAL LIABILITIES AND EQUITY

992,081,506 909,831,658

Approved for issue by the Board of Directors on February 18, 2022 and signed on behalf by:

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



STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Members' Permanent Share Capital	Institutional Capital	Non-Institutional Capital (Undistributed Net Surplus)	Total
	\$	\$	\$	\$
Balances at 1 January 2020	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 1 January 2021	2,231,000	72,794,407	8,437,729	83,463,136
Net surplus	-	-	8,194,461	8,194,461
Transfer to statutory reserves 2021	-	1,638,892	(1,638,892)	-
Transfer to statutory reserves 2020	-	1,398,203	(1,398,203)	-
Donations	-	-	(60,000)	(60,000)
Appropriations -				
Dividend on shares and deposits	-	-	(3,902,387)	(3,902,387)
Dividend on Permanent Shares	-	-	(331,051)	(331,051)
Entrance fee	-	7,400	-	7,400
Share transfer account	18,000	-	21,000	39,000
Balances at 31 December 2021	<u>2,249,000</u>	<u>75,838,902</u>	<u>9,322,657</u>	<u>87,410,559</u>



STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Non- Institutional Capital		
	<u>Retained</u> <u>Earnings and Reserves</u>	<u>Undistributed</u> <u>Surplus</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at 1 January 2020	6,937,799	1,259,443	8,197,242
Net surplus	6,991,014	-	6,991,014
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 1 January 2021	7,133,286	1,304,443	8,437,729
Balances at 31 December 2020	-	-	-
Net surplus	8,194,461	-	8,194,461
Transfer from special reserves 2020	(1,638,892)	-	(1,638,892)
Transfer to statutory reserves	(1,398,203)	-	(1,398,203)
Transfer from special reserves 2020	-	-	-
Share transfer account	-	21,000	21,000
Donations	(60,000)	-	(60,000)
Appropriations -			
Dividend – shares and deposits	(3,902,387)	-	(3,902,387)
Dividend – Permanent Shares	(331,051)	-	(331,051)
Balances at 31 December 2021	<u>7,997,214</u>	<u>1,325,443</u>	<u>9,322,657</u>



STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021

	<u>INSTITUTIONAL CAPITAL</u>		
	<u>Statutory Reserve</u>	<u>Capital Reserve</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at 1 January 2020	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	<u>6,400</u>	<u>-</u>	<u>6,400</u>
Balances at 31 December 2020	66,363,013	6,431,394	72,794,407
Transfer to statutory reserves 2021	1,638,892	-	1,638,892
Transfer to statutory reserves 2020	1,398,203	-	1,398,203
Entrance fee	<u>7,400</u>	<u>-</u>	<u>7,400</u>
Balances at 31 December 2021	<u>69,407,508</u>	<u>6,431,394</u>	<u>75,838,902</u>



STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	<u>2021</u> <u>\$</u>	<u>2020</u> <u>\$</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Surplus for the year	8,194,461	6,991,014
Adjustments to reconcile net profit to		
Cash provided by operating activities –		
Depreciation	<u>494,599</u>	<u>735,700</u>
Net cash provided by operating activities	<u>8,689,060</u>	<u>7,726,714</u>
Cash flow from investing activities -		
Property, plant and equipment	(1,091,130)	(586,805)
Investment	(493,125)	385,785
Members' loan	(45,263,742)	(11,768,994)
Other receivables	<u>612,143</u>	<u>(555,430)</u>
Net cash used in investing activities	<u>(46,235,854)</u>	<u>(12,525,444)</u>
Cash flow from financing activities –		
Share capital voluntary	54,805,950	45,988,820
Entrance fee	7,400	6,400
Members' savings account	27,776,145	70,374,303
Payable and accruals	(4,279,670)	6,983,086
Dividend on shares and deposit	(3,902,387)	(3,989,972)
Dividend on permanent shares	(331,051)	-
Special Reserve IFRS	-	-
Share transfer account	(21,000)	105,000
Reserve	-	(15,000)
Donation	-	-
Cash provided by financing activities	<u>74,055,387</u>	<u>119,452,637</u>
Increase in liquid assets	36,508,593	114,653,907
Liquid asset at beginning of the year	<u>223,856,185</u>	<u>109,202,278</u>
LIQUID ASSET AT END OF YEAR	<u>260,364,778</u>	<u>223,856,185</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2021

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:

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 2021). 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 adoption of the new standard on its financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 Company

Amendments to IFRS 16, 'Leases' – Covid-19 related rent recessions – Extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 31 March 2021, the IASB published an additional amendment to extend the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The adoption of this amendment is not expected to have a significant impact on the company.

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation 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 company will assess the impact of future adoption of this amendment on its financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 Company

Amendment to IAS 16, 'Property, Plant and Equipment' (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is function properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The company will assess the impact of future adoption of this amendment on its financial statements

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 2021

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, 2020).
- (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 2021

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 2021

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 2021

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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

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

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

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

(d) Resale agreements

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

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

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

(e) Cash and cash equivalents

Cash and cash equivalents are shown at cost. 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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(e) Cash and cash equivalent Cont'd

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

(f) Property, plant and equipment

(i) Measurement

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

(ii) Subsequent costs

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

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2021****4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):****(g) 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%

(h) 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.

(i) 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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(j) **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.

(k) **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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(l) Other liabilities

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

(m) 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.

(n) 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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(n) Revenue recognition (Cont'd)

(i) Interest income

Effective interest rate

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

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

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

Amortised cost and gross carrying amount

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(n) 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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(n) **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.

(o) **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.

(p) **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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(q) **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 2021

4. SIGNIFICANT ACCOUNTING POLICES (CONT'D):

(q) 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.

(r) 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.

(s) 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 2021

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 2021

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 2021

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 2021

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT

(b) Credit risk (cont'd)

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

Loan at amortise cost:

	<u>Stage 1</u>	<u>2021</u>	<u>Stage 3</u>		<u>2020</u>
	<u>12-months</u>	<u>Stage 2</u>	<u>Lifetime</u>		<u>3 Stages</u>
	<u>ECL</u>	<u>Lifetime</u>	<u>ECL</u>	<u>Total</u>	<u>Total</u>
	<u>\$</u>	<u>ECL</u>	<u>ECL</u>	<u>\$</u>	<u>\$</u>
Impaired Loan losses	<u>1,388,121</u>	<u>48,246</u>	<u>419,707</u>	<u>1,856,074</u>	<u>4,088,267</u>

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

Loans recoverable and debit securities at amortised cost:



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(b) Credit risk (cont'd)

(iv) Impairment

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(b) Credit risk (cont'd)

(iv) Impairment (continued)

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

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

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

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

(a) Significant increase in credit risk

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(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 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

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 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(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 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(b) Credit risk (continued)

(iv) Impairment (continued)

(b) Incorporation of forward-looking information

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

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

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

In addition to the base economic scenario, the Co-operative considers other possible scenarios and scenario weightings. At January 1, 2021 and December 31, 2021, 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 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(b) Credit risk (continued)

(iv) Impairment (continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(b) Credit risk (continued)

(iv) Impairment (continued)

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL INSTRUMENTS-RISK MANAGEMENT (Cont'd)

(b) Credit risk (continued)

(iv) Impairment (continued)

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

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

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

(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 2020 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 2021

6. FINANCIAL INSTRUMENTS-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 2021

6. FINANCIAL INSTRUMENTS-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, 2021				
Members' deposits	107,906,482	140,599,573	126,671,015	375,177,070
Members' voluntary Shares	-	-	492,477,438	492,477,438
Payables and accruals	8,173,381	18,863,725	9,979,333	37,016,439
Total financial Liabilities	<u>116,079,863</u>	<u>159,463,298</u>	<u>629,127,786</u>	<u>904,670,947</u>
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	<u>109,767,999</u>	<u>142,895,672</u>	<u>573,704,851</u>	<u>826,368,522</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2021

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 2021

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk

	2021				
	Within 3 months \$	3 - 12 months \$	Over 1- 5 years \$	Non- interest bearing \$	Total \$
Assets					
Cash and bank balances	11,889,803	-	-	-	11,889,803
Liquid assets	248,474,975	-	-	-	248,474,975
Financial investments	-	24,000,000	25,810,456	-	49,810,456
Loans	2,495,685	15,552,908	658,009,905	-	676,058,498
Other assets	2,380,012	749,000	1,222,924	-	4,351,936
Total assets	265,240,475	40,301,908	685,043,285	-	990,585,668
Liabilities					
Members' deposits	107,906,482	140,599,573	126,671,015	-	375,177,070
Members' voluntary Shares	-	-	492,477,438	-	492,477,438
Payables and accruals	8,173,381	18,863,725	9,979,333	-	37,016,439
Total liabilities	116,079,863	159,463,298	629,127,786	-	904,670,947
Total interest rate sensitivity gap	149,160,612	(119,161,390)	55,915,499	-	85,914,721
Cumulative interest rate sensitivity gap	149,160,612	29,999,222	85,914,721	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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)	(45,214,924)	-	82,563,829
Cumulative interest rate sensitivity gap	131,617,872	127,778,753	82,563,829	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate sensitivity

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

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

Change in basis points:

	2021		2020	
	Effect on <u>surplus</u> \$000	Effect on <u>equity</u> \$000	Effect on <u>surplus</u> \$000	Effect on <u>equity</u> \$000
- 100 (2020: 100)	(8,194)	(992,082)	(7,762)	(909,831)
+100 (2020: 100)	<u>8194</u>	<u>992,082</u>	<u>7,762</u>	<u>909,831</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Operational risk

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

The Co-operative's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Co-operative's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and 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 2021

6. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Capital management

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

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

Capital adequacy and the use of regulatory capital are monitored by management, based on the guidelines in its Capital Asset Management Policy. The JCCUL currently requires member co-operatives to maintain a minimum level of institutional capital at 8% of total assets. At reporting date, this ratio was 9% (2020: 9%) which is in compliance with the requirements.

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

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

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2021****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.

	2021		2020	
	Actual \$,000	Required \$,000	Actual \$,000	Required \$,000
Total regulatory capital	87,410	99,208	83,463	90,983
Total capital ratio	9%	10%	9%	10%

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 2021

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 2021

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

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

	<u>2021</u> <u>Carrying</u> <u>Value</u> <u>\$</u>	<u>Fair</u> <u>Value</u> <u>\$</u>	<u>2020</u> <u>Carrying</u> <u>Value</u> <u>\$</u>	<u>Fair</u> <u>Value</u> <u>\$</u>
ASSETS –				
Earning assets				
Liquid assets	248,474,975	248,474,975	211,603,806	211,603,806
Financial investments	49,810,456	49,810,456	49,317,331	49,317,331
Loans	676,058,498	676,058,498	630,794,756	630,794,756
Non-earning assets				
Cash in hand and at Bank	11,889,803	11,889,803	12,252,379	12,252,379
Other assets	4,351,936	4,351,936	4,964,079	4,964,079
LIABILITIES –				
Interest bearing liabilities				
Members savings' deposit	375,177,070	375,177,070	347,400,925	347,400,925
Voluntary Shares	492,477,438	492,477,438	437,671,488	437,671,488
Non-interest bearing liabilities				
Accounts payable	<u>37,016,439</u>	<u>37,016,439</u>	<u>41,296,109</u>	<u>41,296,109</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

8. NON-INTEREST INCOME:

	<u>2021</u>	<u>2020</u>
	\$	\$
Commission	1,656,208	1,582,757
Service charge	4,681,428	5,158,700
Matching Grant	369,862	418,872
Dividend	194,131	166,398
Gain on disposal of assets	189,574	-
Other	-	5,265
	<u>7,091,203</u>	<u>7,331,992</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

	<u>2021</u> <u>\$</u>	<u>2020</u> <u>\$</u>
9. EXPENSES BY NATURE:		
PERSONNEL-		
Employee's salaries and statutory contribution	26,772,494	26,592,567
Employee's cost	7,238,581	6,577,734
Education and training	894,920	770,220
	<u>34,905,995</u>	<u>33,940,521</u>
ADMINISTRATIVE -		
Facilities fees	5,880,996	5,600,976
Depreciation and amortisation	494,599	735,700
Auditing and accounting	1,023,996	785,004
Office repairs and maintenance	-	41,063
Telecommunication	62,474	98,788
Printing, stationery and supplies	768,708	414,192
Insurance premium	4,489,763	4,465,652
Professional and consulting fees	1,737,503	562,500
50 th Anniversary provision	(2,380,596)	1,951,920
Other administrative expenses	1,257,483	999,643
Unrecoverable GCT	2,744,726	2,394,880
	<u>16,079,652</u>	<u>18,050,318</u>
MARKETING -		
Publicity and promotion	-	165,000
Education grant	420,000	420,000
	<u>420,000</u>	<u>585,000</u>
REPRESENTATION & AFFILIATION		
League and other dues	2,335,434	2,094,044
Seminars and meetings	-	33,600
Annual general meetings	1,279,432	1,362,972
Miscellaneous	92,560	102,577
	<u>3,707,426</u>	<u>3,593,193</u>
	<u>55,113,073</u>	<u>56,169,032</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

10a. LIQUID ASSETS:

	<u>2021</u>	<u>2020</u>
	\$	\$
Earning:		
Jamaica Co-operative Credit Union League Limited		
Cu Cash	<u>248,474,975</u>	<u>211,603,806</u>

10b. CASH IN HAND AND CASH AT BANK:

Imprest	250,000	250,000
Current account	<u>11,639,803</u>	<u>12,002,379</u>
	<u>11,889,803</u>	<u>12,252,379</u>
	<u>260,364,778</u>	<u>223,856,185</u>

11. FINANCIAL INVESTMENTS:

	<u>2021</u>	<u>2020</u>
	\$	\$
CUETS settlement fund	714	707
Jamaica Co-operative Credit Union Limited shares:	5,546,592	5,546,592
Mortgage funds	19,992,827	19,499,709
First Heritage Co-operative Credit Union	24,000,000	24,000,000
Qnet	<u>270,323</u>	<u>270,323</u>
	<u>49,810,456</u>	<u>49,317,331</u>

The amounts are due to be recovered as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Within 12 months	24,000,000	24,000,000
Over 12 months	<u>25,810,456</u>	<u>25,317,331</u>
	<u>49,810,456</u>	<u>49,317,331</u>

These are carried at cost



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

12. LOANS:

	<u>2021</u> \$	<u>2020</u> \$
Balance at beginning of year	634,883,023	623,580,617
Add: disbursements and transfer	<u>314,254,383</u>	<u>254,427,813</u>
	949,137,406	878,008,430
Less: repayment and transfers	<u>(271,222,834)</u>	<u>(243,125,407)</u>
	677,914,572	634,883,023
Less: allowance for impairment losses	<u>(1,856,074)</u>	<u>(4,088,267)</u>
	<u>676,058,498</u>	<u>630,794,756</u>

Included in the loan balances are loans to four (2020 - 4) board of directors totaling \$8,322,108 (2020 - \$7,463,474, six (2020- 6) staff members totaling \$13,797,189 (2020 - \$9,291,457), six (2020 - 5) committee and supervisory members totaling \$18,214,076 (2020 - \$10,352,788) and three (2020 - 3) related party totaling \$3,104,249 (2020 - \$3,024,024) The amounts are expected to be recovered as follows:

	<u>2021</u> \$	<u>2020</u> \$
Within 12 months	18,048,593	128,845,084
Over 12 months	<u>659,865,979</u>	<u>506,037,939</u>
	<u>677,914,572</u>	<u>634,883,023</u>

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

	<u>2021</u> \$	<u>2020</u> \$
Neither past due nor impaired	<u>675,952,333</u>	<u>629,110,064</u>
Past due but not impaired:		
Loans 31 - 60 days	-	902,166
Loans 61 - 90 days	749,836	1,989,634
Loans 91 - 180 days	888,553	-
Loans 181 - 360 days	130,543	1,713,871
Loan over 361 days	<u>193,307</u>	<u>1,167,288</u>
	<u>1,962,239</u>	<u>5,772,959</u>
	677,914,572	634,883,023
Less provision for loan losses	<u>(1,856,074)</u>	<u>(4,088,267)</u>
	<u>676,058,498</u>	<u>630,794,756</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

12. LOANS (CONT'D):

(a) Delinquent loans

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

Months in arrears	2021			
	Number of accounts in arrears	Delinquent loans	Provision Rate	Statutory loan loss provision
Loans 31-60 days	-	-	-	-
Loans 61-90 days	2	749,836	10	74,984
Loans 91-180 days	1	883,553	30	265,066
Loans 181-360 days	1	130,543	60	78,326
Loans over 361 days	<u>1</u>	<u>193,307</u>	100	<u>193,307</u>
	<u>5</u>	<u>1,962,239</u>		<u>611,683</u>

Months in arrears	2020			
	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	<u>2</u>	<u>1,167,288</u>	100	<u>1,167,288</u>
	<u>13</u>	<u>5,772,959</u>		<u>2,394,574</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

12. LOANS (CONT'D):

(a) Delinquent loans (cont'd)

The impaired loan losses are \$1,244,391 (2020 - \$1,693,693) greater than the loan loss provisioning rules of the JCCUL and does not require an additional provision for loan losses to Reserve:

	<u>2021</u> \$	<u>2020</u> \$
Impaired loan losses IFRS 9	1,856,074	4,088,267
Loan loss provision rule of the JCCUL	(611,683)	(2,394,574)
	<u>1,244,391</u>	<u>1,693,693</u>

13. OTHER ASSETS:

	<u>2021</u> \$	<u>2020</u> \$
Prepayments (i)	1,505,004	1,389,308
ATM float receivable	1,034,016	1,034,016
Interest receivable - Mortgage	1,624,009	2,351,848
Withholding tax	188,907	188,907
	<u>4,351,936</u>	<u>4,964,079</u>

- (i) Prepayments include the sum of \$448,510 (2020: \$433,542) which represents deposits on software maintenance.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

14a. Property, plant and equipment:

	<u>Furniture & Equipment</u> \$	<u>Computer</u> \$	<u>Total</u> \$
Cost -			
1 January 2020	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
Disposal	-	(354,362)	(354,362)
Addition	-	483,130	483,130
Balance at December 2021	<u>449,724</u>	<u>2,289,466</u>	<u>2,739,190</u>
Depreciation and impairment losses-			
1 January 2020	348,974	1,563,512	1,912,486
Charge for the year	<u>100,700</u>	<u>216,128</u>	<u>316,828</u>
Balance at December 2020	449,674	1,779,640	2,229,314
Elimination	-	(354,362)	(354,362)
Charge for the year	-	89,190	89,190
Balance at December 2021	<u>449,674</u>	<u>1,514,468</u>	<u>1,964,142</u>
Carrying amount -			
31 December 2021	<u>50</u>	<u>774,998</u>	<u>775,048</u>
31 December 2020	<u>50</u>	<u>381,058</u>	<u>381,108</u>
31 December 2019	<u>100,750</u>	<u>188,119</u>	<u>288,869</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

14b. Intangible Assets:

	<u>Software</u>
	<u>\$</u>
Cost -	
Balance at 1 January 2020	3,582,133
Addition	<u>177,738</u>
Balance at December 2020	3,759,871
Addition	<u>608,000</u>
Balance at December 2021	<u>4,367,871</u>
Depreciation and impairment losses-	
1 January 2020	2,822,800
Charge for the year	<u>418,872</u>
Balance at December 2020	3,241,672
Charge for the year	<u>405,409</u>
Balance at December 2021	<u>3,647,081</u>
Carrying amount -	
31 December 2021	<u><u>720,790</u></u>
31 December 2020	<u><u>518,199</u></u>
31 December 2019	<u><u>759,333</u></u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

15. INTEREST BEARING LIABILITIES:

	<u>2021</u> \$	<u>2020</u> \$
(a) Members' savings deposit-		
Balance at beginning of year	347,400,925	277,026,622
Add: Deposit and transfer	<u>2,082,547,068</u>	<u>2,026,465,973</u>
	2,429,947,993	2,303,492,595
Less: Withdrawal and transfers	<u>(2,054,770,923)</u>	<u>(1,956,091,670)</u>
	<u>375,177,070</u>	<u>347,400,925</u>
(b) Voluntary shares-		
Balance at beginning of year	437,671,488	391,682,668
Add: Deposit and transfer	<u>175,107,494</u>	<u>158,940,147</u>
	612,778,982	550,622,815
Less: Withdrawal and transfers	<u>(120,301,544)</u>	<u>(112,951,327)</u>
	<u>492,477,438</u>	<u>437,671,488</u>
	<u>867,654,508</u>	<u>785,072,413</u>

16. ACCOUNTS PAYABLE:

	<u>2021</u> \$	<u>2020</u> \$
Accruals (i)	19,102,716	20,509,921
Payables (ii)	16,221,366	19,559,818
Other (iii)	<u>1,692,357</u>	<u>1,226,370</u>
	<u>37,016,439</u>	<u>41,296,109</u>

(i) Included in accruals is a provisional staff incentive of \$4,438,686 (2020 - \$3,255,336) and interest on voluntary shares of \$7,070,932 (2020 - \$6,202,527).

(ii) Included in payable is an amount for unclaimed shares of \$3,550,444, GFS loan fund of \$1,276,278, GK loan fund of \$566,946, TTECH fund of \$3,022,500, fixed deposit accruals of \$772,390, World Brand Loan fund of \$991,696, standing order of \$2,747,537 and a balance of funds received from JCCUL for software development of \$2,121,163



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

17. MEMBERS' SHARE CAPITAL:

	<u>2021</u> <u>₪</u>	<u>2020</u> <u>₪</u>
Members' share capital	<u>2,249,000</u>	<u>2,231,000</u>

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

18. NON-INSTITUTIONAL CAPITAL:

	<u>2021</u> <u>₪</u>	<u>2020</u> <u>₪</u>
Special reserve	785,736	785,736
Education reserve	214,793	214,793
Donation reserve	60,000	60,000
Share transfer reserve	95,000	74,000
Unclaimed share reserve	<u>169,914</u>	<u>169,914</u>
	<u>1,325,443</u>	<u>1,304,443</u>

19. INSTITUTIONAL CAPITAL:

	<u>2021</u> <u>₪</u>	<u>2020</u> <u>₪</u>
(a) Statutory Reserve balance at beginning of year	66,320,325	63,514,770
Transferred reserve 2020	1,398,203	1,407,352
Current year transfers	<u>1,638,892</u>	<u>1,398,203</u>
	<u>69,357,420</u>	<u>66,320,325</u>
Entrance fees balance at beginning of year	42,688	36,288
Additions	<u>7,400</u>	<u>6,400</u>
Entrance fees	<u>50,088</u>	<u>42,688</u>
	<u>69,407,508</u>	<u>66,363,013</u>
(b) Capital revaluation reserve	<u>6,431,394</u>	<u>6,431,394</u>

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

20. RELATED PARTY TRANSACTIONS AND BALANCES:

At December 2021 four (4) members of the Co-operative Board of Directors and five (5) Committee and Supervisory Members and one (1) connected Parties had shares and savings of \$32,825,394 (2020 - \$46,028,264) and loans excluding interest totaling \$29,446,182 (2020 - \$20,840,286).

Loans excluding interest due from members of staff totaling \$13,751,326 (2020 - \$9,291,457).

During the year no Director or Committee Members received any loan which necessitated waiver of the loan policy. At December 2021, 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 \$2,192,913 (2020 - \$2,314,627)

22. BONDING INSURANCE:

Bonding insurance was in force for the year under review.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

23. TRANSFER AND APPROPRIATION:

	<u>2021</u>	<u>2020</u>
	\$	\$
Statutory appropriation	1,638,892	1,398,203
Transfer to reserves 2020	1,398,203	1,407,352
Share transfer account	-	15,000
Share transfer	60,000	(60,000)
Dividend on shares and deposits	3,902,387	-
Dividend on permanent share	331,051	3,979,972
Donation	-	-
	<u>7,330,533</u>	<u>6,740,527</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

24. COMPARISON OF LEDGER BALANCES:

	Voluntary Shares \$	Permanent Shares \$	Deposits \$	Loans \$
Balance as per general ledger	492,477,438	2,249,000	375,177,070	677,914,572
Balance as per members' ledger	<u>492,477,438</u>	<u>2,249,000</u>	<u>375,177,070</u>	<u>677,914,572</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

25. COVID-19 IMPACT:

The World Health Organisation declared the novel coronavirus, COVID 19, a global pandemic, in March 2020.

The interest overall growth was 2% over 2020, while the industry's interest market showed a 1% declined over 2020.

Strict adherence to COVID19 protocols that promotes the health and safety of the staff and members of the Credit Union served well in 2021. There was no significant impact to the operations of the Credit Union and this trend is expected to continue as the country takes steps to reopen.



APPROPRIATION OF SURPLUS

Recommendation

		2021	
	\$		\$
Surplus December 31, 2021			8,194,461
Less: Statutory Reserve booked in 2021	1,638,892		(1,638,892)
Surplus			<u>6,555,569</u>
Add: Undistributed Surplus 1st January 2021		1,424,921	
Additional projected for distribution 2020	5,708,366		
Actual distribution 2020	<u>(5,691,641)</u>		
		<u>16,725</u>	
			<u>1,441,646</u>
Available for Distribution			<u>7,997,214</u>
Less:			
Additional 30% Statutory Reserve	2,458,338		
Dividend on Permanent Shares @ 15%	337,350		
# of shares 2,249,000			
Additional Interest to be distributed (2.5%)	<u>3,612,556</u>		
Donations	<u>60,000</u>		
			<u>6,468,245</u>
Undistributed Surplus Carried Forward			<u>1,528,970</u>

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



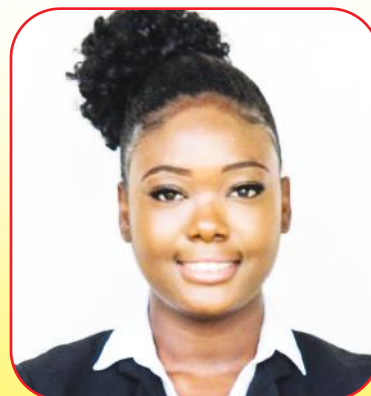
Janielle Stewart
Loans Officer



Alicia Williams
Accountant



Chantal Hall
Accounting Officer

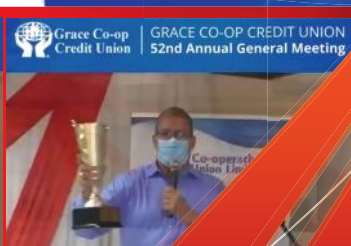
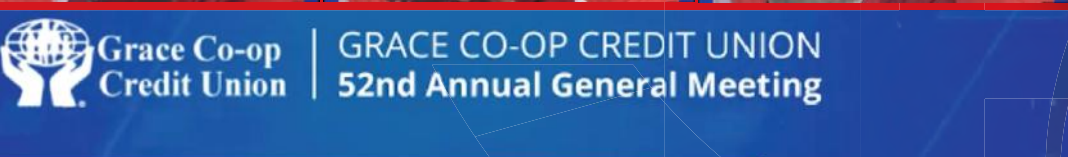


Martina Martin
Accounting Clerk



Grace Co-op
Credit Union

GRACE CO-OP CREDIT UNION
52nd Annual General Meeting



52nd Annual General Meeting Highlights



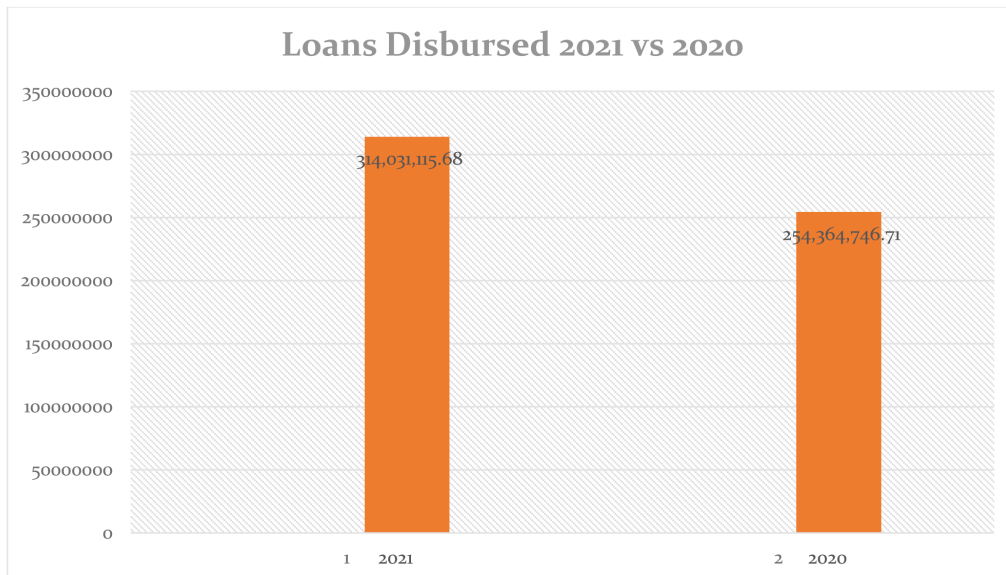
REPORT OF THE CREDIT COMMITTEE

For Year Ending 31st December 2021

For the financial year 2021, Grace Co-operative Credit Union was faced with the continued uncertainty of the Covid-19 pandemic and the impact on the economy. Interest rates remained relatively low in 2021 with indications that changes are eminent as the Bank of Jamaica increased its base interest rate in December 2021. This means the Credit Union will have to continue monitoring its rates and products offerings to remain profitable as competition intensifies. Inflation rate was also on the rise and resulted in an increase demand for personal loans as employees found it challenging to cope. The Credit Union was able to address its members needs through its various loan offerings for the financial year.

LOAN DISBURSEMENT - 2021

2021 performance showed growth year over year in value of loans disbursed. The total value of loans disbursed in 2021 amounted to \$314.04m, while for the same period last year the value of loans disbursed was \$254.36m. See graph below.



The Credit Union disbursed 1399 new loans in 2021 and this represents 35 fewer new loans or a reduction of a 2.44% disbursed over the same period in the previous year - 2020. See table below.



Damian Lovelace, Chairman



Maria Lewis, Secretary



Hortense Gregory-Nelson



Natalie Billings

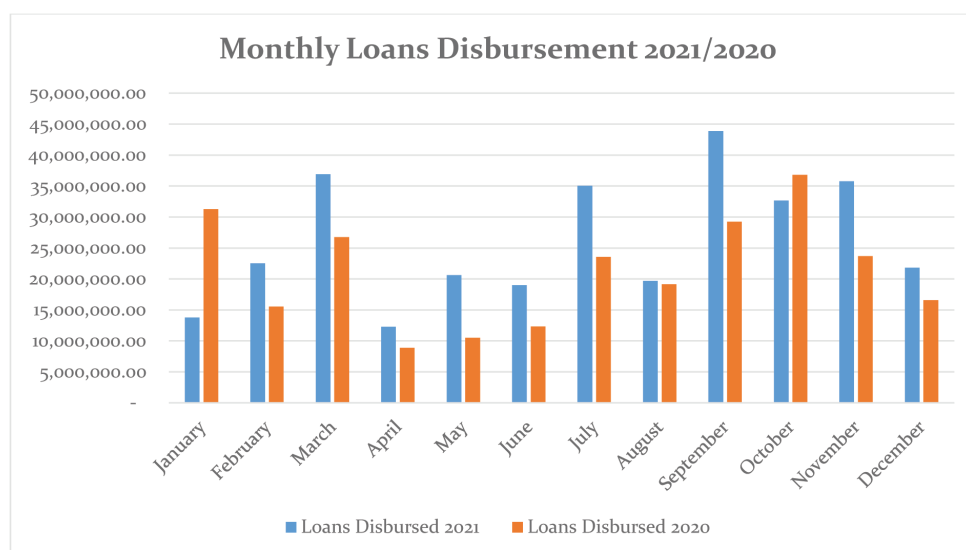


Amia Brown

**REPORT OF THE CREDIT COMMITTEE** *cont'd***TOTAL NUMBER & VALUE OF LOANS DISBURSED MONTH BY MONTH - 2021 vs 2020**

VALUE AND NUMBER OF NEW LOANS DISBURSED 2021 VS 2020				
Month	Number of New Loans		Value of New Loans (\$m)	
	2021	2020	2021	2020
January	87	130	\$13.79	\$31.28
February	103	126	\$22.55	\$15.55
March	131	143	\$36.92	\$26.78
April	96	80	\$12.32	\$8.88
May	115	85	\$20.63	\$10.53
June	138	113	\$19.00	\$12.33
July	129	137	\$35.04	\$23.57
August	115	139	\$19.67	\$19.17
September	118	121	\$43.87	\$29.25
October	113	114	\$32.65	\$36.79
November	133	103	\$35.77	\$23.69
December	121	143	\$21.83	\$16.56
Total YTD	1399	1434	\$314.03	\$254.36

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



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

For the first six month in 2021, the value of loans disbursed by the Credit Union increased by \$19.86m or 19% in comparison to the first six months in 2020. The period July to December 2021, also increased by 26% with \$39.30m disbursed in contrast to the same period in financial year 2020. September 2021 had the highest disbursement of \$43.87m whilst April 2021 had the lowest disbursement of \$12.32m. The 'Hyundai Takeover' promotion positively impacted the demand for new car loans and the confidence of the economy returning to normalcy encouraged member to take on additional personal loans and consolidate debts. The Wheels Express loans, Rescue loans and Vacation loans promotions also contributed

to the strong performance of the Credit Union.

PORTFOLIO CATEGORIES

The overall performance of the loans portfolio for 2021 showed improvement year over year in the value of the loans disbursed. The top performers were Motor Vehicle loans and Personal Needs loans, Debt Consolidation and Home Improvement & Repairs loans.

The table below shows the loans disbursement for the financial year 2021 vs 2020 by category.

LOANS DISBURSED BY CATEGORY JANUARY - DECEMBER 2021 VS 2020

CATEGORY	2021	2020
M/Vehicle-Purchase	147,484,233.06	115,565,297.50
Personal Needs	67,142,469.65	46,711,298.41
Consolidation of Debts	29,696,340.25	23,669,265.25
Home Imp & Repairs	19,632,478.76	18,959,976.00
Education Expense	9,926,362.00	10,075,043.74
M/Vehicle Repairs/Maintenance/Insurance	7,965,000.00	4,949,320.95
Furniture & Appliance	7,495,511.96	5,369,150.00
Home Acquisition	7,000,000.00	4,668,332.00
Pay Day Loan	2,994,060.00	2,557,002.00
Utilities	2,919,840.00	5,224,193.61
Special Vacation Loan (Summer)	2,678,790.00	1,062,036.00
Vacation & Travel	1,820,000.00	777,408.00

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

CATEGORY	2021	2020
Investment	1,594,000.00	3,482,000.00
Technology Loan	1,491,250.00	1,710,900.00
Funeral	860,000.00	1,348,128.33
Medical Expenses	689,460.00	1,590,000.00
Marriage	650,000.00	200,000.00
Christmas Loan	629,950.00	241,405.00
Special Back to School	500,000.00	1,448,230.00
Easter Loans	468,270.00	380,570.00
Agriculture	200,000.00	447,059.19
Transportation & Haulage	91,000.00	109,960.00
Refinancing of Loans	84,600.00	2,687,670.73
Line of Credit Facility-Draw Downs	17,500.00	1,120,500.00
Professional Fees	-	10,000.00
TOTAL	314,031,115.68	254,364,746.71

The major contributors to the Credit Union loan portfolio in 2021 were:

- Motor Vehicle loans dominated the categories with \$147.48m, showing an increase of \$31.92m or 27.62% year over year.
- Personal Needs loans increased significantly by 43.74% from \$46.71m in 2020 to \$67.14m in 2021.
- Debt Consolidation declined year over year with \$15.41m disbursed in 2021 compared to \$23.67m in 2020.
- Home improvement & Repairs increased by 3.55% from \$18.96m in 2020 to \$19.63m in 2021.
- Home Acquisition growing 49.95% from \$4.67m in 2020 to \$7.00m in 2021.
- Education Expenses, down 1.48% moving from \$10.08m in 2020 to \$9.93m in 2021.
- Furniture & Appliances increased by 39.60% in 2021 with \$7.50m disbursed compared to \$5.37m in 2020.



REPORT OF THE CREDIT COMMITTEE *cont'd*

GENERAL

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

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

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

The Credit Committee wishes to thank the Board of Directors, the Management and Staff of the Credit Union and other Committee members for their support during the financial year 2021 as together we exercised oversight responsibility for the loans approved by the Credit Union. A special thank you to our members for their support during the year and we look forward to their continued support in 2022.

The Serving Members of the Committee are:

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



REPORT OF THE SUPERVISORY COMMITTEE

For Year Ended 31st December 2021

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. Kerline Redwood	- Member
Mr. Gerron Thomas	- Member

The pandemic has affected the Audit Plan and the schedule for 2020-2021, 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. IT General Control
4. Review of Bank Reconciliation
5. Review of Securities Register compared to physical security
6. Dormant Account reviews
7. Review of Approval of Loans Disbursed
8. Review of Capital Management 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



Kerline Redwood



Gerron Thomas



REPORT OF THE NOMINATING COMMITTEE

to the 53rd Annual General Meeting

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

Samuel Shelton	-	Chairperson
Ms. Makeda Scott	-	Secretary
Ms. Camille Cadogan	-	Senior Loan Officer

The Nominating Committee reports as follows:

Board of Directors

Not Retiring

Mr. Simon Roberts
Mr. E. Christopher Bond
Mr. Eric Mardner
Mr. Samuel Shelton
Mr. Stanley Beckford

Unexpired Term

1 year
1 year
1 year
1 year
1 year

Retiring

Mrs. Claudette Facey-Redwood
Mr. Gilroy Graham
Mr. Jerry Hamilton
Mrs. Karen Walker

Recommended

Mrs. Claudette Facey-Redwood
Mr. Gilroy Graham
Mr. Jerry Hamilton
Mrs. Karen Walker

Term

2 years
2 years
2 years
2 years

Credit Committee

Not Retiring

Mr. Damian Lovelace

Unexpired Term

1 year



REPORT OF THE NOMINATING COMMITTEE *cont'd*

Ms. Maria Lewis	1 year
Mrs. Hortense Gregory- Nelson	1 year

Retiring	Recommended	Term
Mrs. Natalie Billings	Mrs. Natalie Billings	2 years
Ms. Amia Brown	Ms. Amia Brown	2 years

Supervisory Committee

Retiring	Recommended	Term
Ms. Kerline Redwood	Ms. Kerline Redwood	1 year
Mr. Gerron Thomas	Mr. Gerron Thomas	1 year
Ms. Kacia Scott	Mr. Andre Spencer	1 year
Mr. Robert Arthurs	Mr. Robert Arthurs	1 year
Mrs. Camille N. Smith	Mr. Leighton Grant	1 year

Delegates to the League and other Societies

To be determined by the Board and Manager.

Makeda Scott (Ms.)
Secretary



NEW NOMINEES



Andre Spencer

Mr. Andre Spencer is an Information Technology Audit Manager for GraceKennedy Holding Company. He previously held the position of Acting Information Technology Audit Manager and Senior Information Technology Business Auditor within the company.

Mr. Spencer has a wealth of knowledge and experience in IT risk assessments and managing Information Technology Audits to improve IT Governance structure and processes to increase efficiency and profitability. He is also adept at managing the planning, coordination and performance of application, network and general system controls audits, process reviews, technical reviews, and the preparation of audit reports.

Mr. Spencer holds a Bachelor of Science in Economics and Management and a Master of Science in Computer-Based Management Information System at the University of the West Indies. He is a Certified Information Systems Auditor, Certified in Risk and Information System Control and a Certified Data Privacy Solutions Engineer with the Information Systems Audit and Control Association (ISACA). He also holds a Cybersecurity Fundamentals Certificate with Information Systems Audit and Control Association (ISACA).



Leighton Grant

Mr. Grant is an Inventory Manager at Grace Food and Services. He is a versatile and accomplished senior management professional with more than 20 years of comprehensive achievements within Logistics, Sales, Supply Chain Management, Distribution Management, and Finance. He has a proven track record in developing and implementing strategies, policies and operational procedures. He holds a Diploma in Business Administration majoring in Accounts. Mr. Grant also previously served as Secretary on the Credit Union's Credit Committee.



ATTENDANCE REGISTER

52nd Annual General Meeting - July 28, 2021

1. Xanius Hall	48. Tiffany Johnson	95. Akilah Nangwaya
2. Rayon Russell	49. Terry-Ann Grant-Thompson	96. Kenny-Dee Bryan
3. Marsha Barr	50. Simon Roberts	97. Gwenda Neita-Blake
4. Felleshia Francis	51. Nakeisha Boswell	98. Yulanda Ramsay
5. Lorne Phillips	52. Dorrette Gordon	99. Keliah Taffe
6. Janielle Stewart	53. Vanessa Bowen-Lyttleton	100. Paul Nethersole
7. Sherene Nooks-Samuels	54. Kaydonna Stephenson	101. Jahmelia Trail-Smith
8. Erica Hayden	55. David Nethersole	102. Lenworth Beckford
9. Racquel Francis	56. Karen Walker	103. Dwayne Harvey
10. Tafara Raby	57. Samuel Shelton	104. Aggrey Palma
11. Christine Davidson	58. Geta Birthfield	105. Cheridal Blackwood
12. Dawn Hamilton	59. Colleen Williams	106. Kerry-Ann Williams-Banton
13. Dushaine Carty	60. Nadia Mckoy	107. Yanique Brooks
14. Sydoney Johnson	61. Yanique Clarke	108. Wayne Miller
15. Veronica Wade	62. Carlene Bennett	109. Maria Lewis
16. Chantal Hall	63. Kristina Nethersole Byles	110. Clare Wilson
17. Jody-Ann Barnett	64. Amia Brown	111. Marlon Walker
18. Karlene Walker-Fearon	65. Nickeisha Davis	112. Christopher Myers
19. Monique McLean	66. Glenise Durrant-Freckleton	113. Claudette Taylor
20. Kacia Scott	67. Kamaal Johnson	114. Deighton Christian
21. Racquel Francis-Smith	68. Kadeanne Hylton	115. Jilian Ramsay
22. Alicia Williams	69. Lance Bailey	116. Terrian Fraser
23. Jodi-Ann Harris	70. Hope Mowatt	117. Janette Taylor
24. Eugenie Wilson	71. Denese James	118. Tameica Lewis
25. Stanley Beckford	72. Shawn Thompson-Powell	119. Joseph Taffe
26. Hortense Gregory Nelson	73. Jacqueline Thompson	120. Rebecca Gonez
27. Aldayne Martin	74. Dale Beckford	121. Michelle Peters-Mullings
28. Edward Christopher Bond	75. Charlene Campbell Blake	122. Trevor Fuller
29. Tishan Riley	76. Patrick lyn	123. Kimberley Lindo
30. Robert Arthurs	77. Suwanee Caine	124. Chena Walker
31. Storm Daley	78. Kevaughn Spence	125. Orlean Mears
32. Rema Spence Dunn	79. Shauna Douglas	126. Nicole Davis
33. Morette Wright	80. Latoya Adjetej	127. Natrecia Daley
34. Arlene Davis	81. Winsome Anderson	128. Winsome Morris
35. Denise Darlington	82. Aliya Reid	129. Natalie Billings
36. Demone Francis	83. Kleo-Ann Errar	130. Rosemarie Arscott-Aiken
37. Melaine Campbell	84. Stacy-ann Hamilton	131. Genieve Sundar
38. David Dean	85. Peta Gay Smythe	132. Lurline Cummings
39. Yvonne Nethersole	86. Delton McKenzie	133. Makeda Scott
40. David Clarke	87. Edward Findlay	134. Jerry Hamilton
41. Sharon Wellington	88. Leighton Grant	135. Camille Cadogan
42. Dionne Rhoden	89. Jodinel Blackwin	136. Claudette Facey-Redwood
43. Ayen Crooks	90. Racquel Wynter Blake	137. Eric Mardner
44. Nadine Butler	91. Natalie Anglin	138. Damian Lovelace
45. Monique Williams	92. Vynter Lothian	139. Karlene Burgess
46. Camille Smith	93. Waynette A Brown	
47. Jane Williams-Richards	94. Shauntelle Duffus	



CONTACT PERSONS LIST

COMPANY

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

NAME

Ms. Dorrette Gordon
Ms. Mizan Mitchell
Ms. Delorita Dean
Ms. Carolyn Bell
Mrs. Melissa Edwards-Mitchel
Ms. Judene Josephs
Ms. Hyacinth Alexander
Ms. Hyacinth Alexander
Ms. Natalie Vidal
Ms. Orlean Mears
Ms. Orlean Mears
Mr. Loxley Tulloch
Mrs. Michelle Barnett
Ms. Lorraine Robinson
Ms. Renee Cole
Ms. Karen Morgan
Ms. Amelia Beckford
Ms. Caron Anderson
Ms. Dionne Rhoden
Ms. Stephanie Anderson
Ms. Tiffany Stephens
Mr. Jerry Hamilton
Mrs. Shawn Cummings
Mrs. Waynette Brown-Campbell
Ms. Tameica Lewis
Mrs. Lavern Llewellyn
Ms. Keisha Bisnott
Mrs. Hortense Gregory-Nelson
Ms. Janet Smith
Mr. Kenny-Dee Bryan
Ms. Kaydene Desilva



Notes



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.*

IS AH **GOOD** THING!

OUR FAMILY IS PROTECTED WITH
THE **BEST** FUNERAL INSURANCE PLAN!



SIGN UP TODAY!

For the best insurance
protection for your family