

# Member Focused





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RATE?

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MONTHLY?

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UP TO  
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Community & Workers of Jamaica  
Co-operative Credit Union Ltd. C&WJ



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# C&WJCCUL PROGRESS REPORT (1961 - 2019)

		SHARES	DEPOSITS	LOANS	EARNINGS			ASSETS
YEARS	MEMBERS	BALANCE (\$)	BALANCE (\$)	BALANCE (\$)	GROSS INCOME	EXPENSES	NET INCOME	
1961	352	15,072	-	10,296	486	292	194	15,436
1962	560	53,676	-	48,750	3,406	1,662	1,744	55,924
1963	624	92,842	-	91,992	8,362	3,880	4,482	98,928
1964	669	130,930	-	133,132	12,940	5,000	7,940	141,614
1965	671	152,458	-	153,268	16,656	6,874	9,782	168,680
1966	759	173,326	5,048	180,796	19,548	9,156	10,392	199,384
1967	749	201,578	7,538	210,546	22,474	11,606	10,868	239,408
1968	797	230,316	11,034	266,002	27,378	12,274	15,104	287,723
1969	823	267,117	10,687	292,085	33,611	16,619	16,992	325,520
1970	874	312,894	17,060	298,267	37,543	18,831	18,712	349,349
1971	1,032	426,573	31,023	439,182	46,370	22,541	23,829	475,864
1972	1,103	519,505	22,830	557,931	65,683	31,420	34,263	586,443
1973	1,227	695,372	30,841	730,520	78,895	38,815	40,080	778,490
1974	1,460	964,655	42,734	1,046,787	114,910	65,069	49,841	1,069,355
1975	1,842	1,490,253	80,281	1,572,413	159,650	80,350	79,300	1,635,308
1976	1,958	2,210,263	109,433	2,303,040	253,541	113,818	139,723	2,429,859
1977	2,058	2,905,546	159,358	2,947,760	335,928	137,142	198,786	3,208,371
1978	2,170	3,787,922	243,590	3,909,794	438,857	200,426	238,431	4,171,484
1979	2,338	4,510,551	302,070	4,571,290	560,521	271,080	289,441	5,277,561
1980	2,626	5,381,057	350,345	5,417,589	634,062	387,256	246,806	7,075,388
1981	2,882	6,396,442	458,487	7,219,503	947,375	866,275	81,100	8,700,101
1982	3,122	8,004,118	493,452	9,077,273	1,174,018	950,126	223,892	10,178,586
1983	3,408	9,294,551	536,234	10,758,612	1,434,794	1,129,494	305,300	12,525,126
1984	3,576	10,448,520	688,552	11,946,723	1,714,503	1,262,538	451,965	13,584,800
1985	3,770	11,807,290	711,545	13,658,735	1,950,644	1,458,201	492,443	16,972,948
1986	3,990	13,353,513	1,207,157	14,986,330	2,057,463	1,593,152	464,311	18,935,880
1987	4,272	15,638,232	1,360,521	17,210,260	2,431,981	1,804,107	627,874	21,672,717
1988	4,454	18,456,135	1,679,441	20,610,694	2,819,781	1,992,889	826,892	24,969,128
1989	4,743	24,155,002	2,430,520	27,439,908	3,533,268	2,403,747	1,129,521	32,857,160
1990	4,375	28,052,737	3,029,945	32,159,594	4,412,005	3,269,415	1,142,590	37,724,358
1991	4,992	37,709,435	6,398,964	50,583,057	5,864,268	5,053,114	811,154	56,652,626
1992	5,373	47,704,220	10,560,580	68,115,818	9,283,658	7,104,145	2,179,513	74,681,510
1993	5,815	72,317,795	16,061,594	104,892,795	12,417,803	10,612,947	1,804,856	113,223,841
1994	6,103	91,745,100	28,883,640	126,844,601	17,657,227	18,969,924	-1,312,697	152,215,726
1995	6,572	114,362,497	41,709,428	188,194,616	30,494,854	30,839,597	-344,743	287,333,560
1996	6,683	135,913,000	67,958,000	202,797,000	52,053,000	47,365,000	4,688,000	351,307,040
1997	7,599	144,873,978	136,550,954	262,157,873	59,747,752	54,492,455	5,255,297	448,438,194
1998	7,806	168,997,778	172,074,562	301,230,716	96,205,643	79,555,310	16,650,333	528,767,540
1999	8,041	186,799,019	510,301,492	305,229,594	156,233,052	125,098,027	31,135,025	883,995,526
2000	8,479	195,278,259	503,332,891	365,652,107	176,543,216	156,785,275	19,757,941	907,335,107
2001	9,059	206,008,839	800,120,139	409,946,113	205,949,974	179,671,851	26,278,123	1,252,767,604
2002	8,796	244,257,012	842,244,508	638,118,964	237,543,756	201,352,499	36,191,257	1,389,234,343
2003	9,277	271,644,807	1,019,063,752	732,228,312	314,185,653	272,394,290	41,791,363	1,654,800,981
2004	10,104	301,501,443	1,275,991,983	886,362,191	381,220,581	313,358,284	67,862,297	1,942,878,468
2005	12,955	380,151,742	1,280,153,570	1,342,107,408	343,148,484	318,331,900	24,816,584	2,057,805,692
2006	14,562	480,612,204	1,428,747,904	1,676,645,886	387,500,847	352,284,457	35,216,390	2,346,509,009
2007	15,886	574,811,503	1,376,889,389	1,886,513,958	418,538,453	385,524,893	33,013,560	2,477,237,971
2008	17,190	597,633,698	1,580,094,892	2,132,566,493	479,156,263	444,767,649	34,388,614	2,882,668,533
2009	17,889	564,606,661	1,838,866,107	1,795,735,150	622,019,899	553,961,830	68,058,069	3,156,318,711
2010	16,172	641,966,338	1,967,143,491	1,819,988,963	514,268,401	483,933,012	30,335,389	3,198,504,129
2011	32,851	819,995,882	2,926,691,429	2,449,309,650	581,224,043	531,430,208	49,793,835	4,509,893,696
2012	34,387	867,304,479	2,964,775,825	2,905,802,729	612,943,514	592,683,652	20,259,862	4,605,970,890
2013	64,003	1,668,432,409	4,507,105,368	4,268,270,308	726,881,477	657,709,907	69,171,570	7,459,980,854
2014	67,128	1,690,669,481	4,721,160,480	4,211,605,033	915,375,211	887,433,471	27,941,740	7,711,324,307
2015	73,962	1,883,580,175	5,149,704,206	5,196,892,479	982,081,889	936,378,696	45,703,193	8,449,517,842
2016	82,293	2,848,559,137	5,890,361,708	7,081,572,359	1,139,372,142	1,062,664,988	76,707,154	10,499,620,137
2017	86,132	2,901,833,976	6,445,245,954	8,541,808,167	1,620,587,649	1,239,616,395	380,971,254	11,535,917,357
2018	122,458	3,330,729,798	9,228,996,123	10,664,423,651	1,696,894,372	1,594,510,274	102,384,098	16,019,939,997
2019	127,712	3,987,005,410	9,436,544,027	12,653,759,350	2,307,140,352	1,959,417,004	347,723,348	17,757,734,275





## VISION STATEMENT

To be the financial service provider of choice for stakeholders in communities and industries in Jamaica and the Diaspora.

## MISSION STATEMENT

To enhance the well-being of our members through superior financial services delivered by an empowered and motivated team.

## OUR VALUES

- Integrity
- Financial prudence
- Transparency
- Friendliness
- Training and development





DISCOVER **THE BENEFITS**  
**OF BELONGING**

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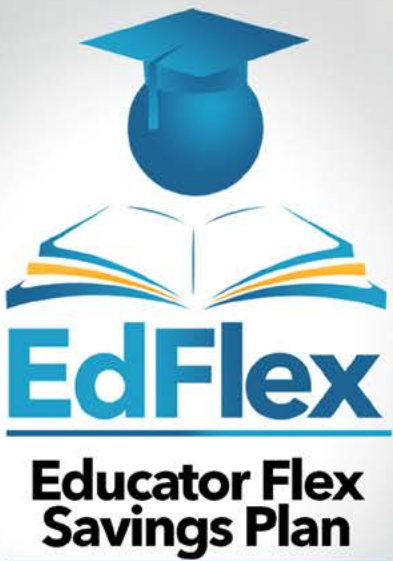


# NOTICE & AGENDA

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION LIMITED (C&WJCCUL)  
51 HALF WAY TREE ROAD, KINGSTON 10

## AGENDA

1. Ascertaining that a quorum is present
2. Apologies
3. Chairman's Opening Remarks
4. Prayer
5. Notice of Meeting
6. Acknowledgment of Members
7. Minutes of the Fifty-fifth (55th) Annual General Meeting and Matters Arising Therefrom
8. Consideration of:
  - a. Report of the Board of Directors
  - b. Management's Report
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  - b. Credit Committee
  - c. Supervisory Committee
  - d. Management of Other Registered Societies (See Nominating Committee's Report)
10. Any Other Business
11. Presentation of Prizes
12. Adjournment



**HELP THEM TO BECOME  
WHAT THEY WANT TO BE!**  
**OPEN AN EDFLEX EDUCATOR FLEX SAVINGS PLAN**

Personalize your plan:  
Choose your monthly  
deposit and the  
savings period

Attractive interest  
rates which are  
compounded monthly

Free goal  
protection  
insurance

Get a Bonus: roll  
over your plan until  
your beneficiary is  
18 years old



# 10 YEAR FINANCIAL PERFORMANCE

	2019	2018	2017	2016
Total Assets	17,757.7	16,019.9	11,535.9	10,499.6
Loans to Members	12,653.8	10,664.4	8,541.8	7,081.6
Liquid Assets & Investments	3,726.8	3,842.5	1,960.6	2,457.6
Savings Deposits	9,436.5	9,229.0	6,445.2	5,890.4
Voluntary Shares	3,987.0	3,331.0	2,901.8	2,848.6
Shareholders Equity	3,063.0	2,664.2	1,779.7	1,396.6
Institutional Capital	2,932.6	2,569.6	1,600.5	1,316.3
<b>Income &amp; Expenditure (\$M)</b>				
Total Revenue	2,307.1	1,696.9	1,620.6	1,139.4
Interest Expense	361.5	331.4	269.5	247.2
Operating Expenses	1,474.5	1,156.3	912.0	766.0
Net Income after Int on Shares	347.7	102.4	381.0	76.7
<b>Ratios</b>				
<b>PROTECTION</b>				
Loan Loss Allowance / Delinquent > 12 Mths	100%	100%	100%	100%
<b>EFFECTIVE FINANCIAL STRUCTURE</b>				
Net Loans / Total Assets	71.3%	66.6%	74.0%	67.4%
Total Savings / Total Assets	75.6%	78.4%	81.0%	83.2%
Institutional Capital / Total Assets	16.5%	16.0%	13.9%	12.5%
Loans / Deposits	94.3%	84.9%	91.4%	81.0%
<b>ASSET QUALITY</b>				
Total Delinquency / Gross Loan Portfolio	2.99%	7.2%	2.1%	4.8%
Non Earning Assets / Total Assets	11.2%	9.4%	9.0%	9.1%
<b>RATES OF RETURN &amp; COSTS</b>				
Net Loan Income / Avg Net Loan Portfolio	13.9%	13.3%	13.5%	12.6%
Liquid Investment Income / Avg Liquid Investments	3.5%	4.4%	6.7%	7.2%
Fin Investment Income / Avg. Fin Investments	3.9%	3.1%	3.9%	4.1%
Financial Costs: Savings & Deposits / Avg Savings Deposits	1.6%	1.9%	2.1%	2.3%
Gross Margin / Average Assets	10.9%	9.3%	11.9%	9.0%
Operating Expenses / Avg Assets	8.7%	8.4%	8.3%	8.1%
Net Income / Avg Assets (ROA)	2.1%	0.7%	3.5%	0.8%
Interest Income / Earning Assets	11.2%	9.6%	11.2%	9.6%
Interest Expense / Interest Bearing Liabilities	2.4%	2.4%	2.8%	2.7%
Spread	8.8%	7.2%	8.4%	6.9%
<b>LIQUIDITY</b>				
Liquidity Reserves / Total Savings Deposits	17.6%	19.6%	13.4%	16.0%
Liquid Assets / Total Assets	12.3%	15.4%	10.9%	13%
<b>GROWTH</b>				
Loans	18.7%	27.5%	20.6%	36.3%
Savings Deposits	2.2%	43.2%	7.0%	14.4%
Ordinary Shares	19.7%	14.8%	1.9%	51.2%
Institutional Capital	14.1%	60.6%	21.6%	26.0%
Membership	4.3%	42.2%	4.7%	11.3%
Total Assets	10.8%	38.9%	9.7%	24.3%

	2015	2014	2013	2012	2011	2010	2009	2008
Total Assets	8,449.5	7,711.0	7,460.0	4,606.0	4,509.9	3,198.5	3156.32	2,882.7
Loans to Members	5,196.9	4,211.6	4,268.3	2,905.8	2,449.0	1,820.0	1795.74	2,132.6
Liquid Assets & Investments	2,429.0	2,806.3	2,491.2	1,430.1	1,771.9	1,143.7	1130.27	575.6
Savings Deposits	5,149.7	4,721.2	4,507.1	2,964.8	2,926.6	1,967.1	1838.87	1,580.1
Voluntary Shares	1,883.6	1,690.7	1,668.4	867.3	820.0	606.8	531.44	566.3
Shareholders Equity	1,103.2	1,003.1	984.9	536.1	523.1	457.4	414.38	345.6
Institutional Capital	1,044.6	960.0	928.9	503.8	476.0	411.3	369.12	322.7
Total Revenue	982.1	915.4	726.9	612.9	581.2	514.3	622.02	479.2
Interest Expense	268.7	263.2	205.7	169.7	174.1	223.0	318.28	204.8
Operating Expenses	655.3	596.2	484.7	373.6	355.6	257.0	227.27	235.9
Net Income after Int on Shares	45.7	27.9	69.2	20.3	49.8	30.3	68.06	34.6
Loan Loss Allowance / Delinquent > 12 Mths	100%	100%	100%	100%	100%	100%	100%	100%
Net Loans / Total Assets	61.5%	54.6%	57.2%	63.1%	54.3%	56.9%	56.9%	74.0%
Total Savings / Total Assets	83.2%	83.2%	82.8%	83.2%	83.1%	80.5%	75.1%	74.5%
Institutional Capital / Total Assets	12.4%	12.4%	12.5%	10.9%	10.6%	12.9%	11.7%	11.2%
Loans / Deposits	73.9%	65.7%	69.1%	75.8%	65.4%	70.7%	75.8%	99.4%
Total Delinquency / Gross Loan Portfolio	4.3%	7.4%	8.5%	5.0%	6.9%	9.7%	9.5%	7.7%
Non Earning Assets / Total Assets	9.7%	9.0%	9.4%	6.0%	6.4%	7.3%	7.3%	6.1%
Net Loan Income / Avg Net Loan Portfolio	3.4%	13.3%	13.0%	14.9%	18.3%	19.2%	20.1%	18.8%
Liquid Investment Income / Avg Liquid Investments	7.9%	9.9%	6.4%	6.3%	6.9%	6.3%	14.7%	8.8%
Fin Investment Income / Avg. Fin Investments	4.6%	5.7%	7.7%	8.7%	10.3%	17.0%	25.2%	8.4%
Financial Costs: Savings & Deposits / Avg Savings Deposits	3.0%	3.1%	3.1%	3.5%	3.99%	6.7%	10.9%	7.4%
Gross Margin / Average Assets	8.8%	8.3%	9.2%	8.7%	9.9%	9.1%	9.8%	10.1%
Operating Expenses / Avg Assets	8.1%	7.9%	8.0%	8.2%	8.61%	8.1%	7.5%	8.8%
Net Income / Avg Assets (ROA)	0.6%	0.4%	1.1%	0.4%	1.21%	1.0%	2.3%	1.3%
Interest Income / Earning Assets	10.5%	11.1%	8.9%	11.9%	12.2%	15.8%	18.9%	15.5%
Interest Expense / Interest Bearing Liabilities	3.6%	3.9%	3.2%	4.4%	4.6%	8.6%	12.3%	8.5%
Spread								
Liquidity Reserves / Total Savings Deposits	6.9%	7.2%	5.7%	7.6%	7.6%	7.2%	6.6%	7.0%
Liquid Assets / Total Assets	27.2%	31.0%	28.00%	17.17%	26.06%	27.0%	29.5%	20.0%
Loans	17.1%	20.8%	23.4%	15.0%	21.6%	21.7%	22.1%	15.5%
Savings Deposits	23.4%	-1.3%	46.9%	18.7%	34.6%	1.4%	-15.8%	13.0%
Ordinary Shares	9.1%	4.8%	52.0%	1.3%	48.8%	7.0%	16.4%	14.8%
Institutional Capital	11.4%	1.3%	92.4%	5.8%	35.1%	14.2%	-6.2%	-1.5%
Membership	8.8%	3.3%	84.4%	5.8%	15.7%	11.4%	14.4%	16.4%
Total Assets	10.2%	4.9%	86.1%	4.7%	103.1%	-9.6%	4.1%	8.2%
	9.6%	3.4%	62.0%	2.1%	41.0%	1.3%	9.5%	16.4%



# MINUTES

OF THE **55TH ANNUAL GENERAL MEETING** OF THE COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION LIMITED HELD ON SATURDAY, APRIL 27, 2019 AT THE JAMAICA CONFERENCE CENTRE, 14-20 PORT ROYAL STREET, KINGSTON

## 1. Quorum of the Meeting

The Chairman, Mr. Pete Smith, called the meeting to order at 10:26 am. He informed the Meeting that there was a quorum as there were 245 members present.

### 1.1 Reading of the Notice and Convening of the Meeting

Mrs. Terrie-Ann Bennett, Secretary, read the Notice to convene the 55th Annual General Meeting.

### 1.2 Prayer

Mrs. Jennolyn Forbes led the Meeting in prayer.

### 1.3 Silent Tribute to Pioneers, Past Leaders and Late Members

The meeting stood in silent tribute to the Credit Union's pioneers: Frederick Raiffeisen; Alphonse Desjardins; Edward Filene; Roy Bergengren; Thomas Doig and Fr. John P. Sullivan.

Past Leaders: A. Rod Glen; Eustace Shim; Frank Laing; Sydney Carter; Algie Dale; Lloyd Gayle and Arthur Hylton.

Past Members: A list of the members who passed away during 2018 could be found on page 140 of the Annual Report.

## 2. Chairman's Opening Remarks

The Chairman welcomed the members, guests, past and serving volunteers of the Board of Directors, Credit and Supervisory Committees, the Credit Union's strategic partners and Management and Staff.

The Chairman extended special recognition to the following guests present:

Mr. Ornell Bedasse of Gateway Co-operative Credit Union; Ms. Beverley Cole the Meeting's Stenographer; Mrs. Bethune Lugg-Banton of Quality Network Co-operative Ltd.; Mr. Wilburn Pottinger, Chairman of Quality Network Co-operative Ltd.; Ms. Sheena Blake of the Department of Co-operatives & Friendly Societies; Mr. Ertis Blake and Mr. Stedson Chambers, Past Presidents of C&WJ Co-operative Credit Union; Mrs. Faith Bertram, former Secretary of the Board of Directors; Mr. Fitz Rowe, former General Manager of St. Elizabeth Co-operative

Credit Union; Ms. Natalie Stanford, Credit Committee Member; Mr. Michael Martin of the Jamaica Police Co-operative Credit Union; Ms. Nicola Patrawala of the Jamaica Broilers Group Co-operative Thrift Society; Mr. & Mrs. Errol Bean; Ms. Norma Warburton Credit Committee Member; Mr. Herbert Duval, former General Manager of NWC Co-operative Credit Union; members from D&G Co-operative Credit Union and St. Elizabeth Co-operative Credit Union.

## 3. Apology for Absence

Apologies for absence were tendered on behalf of Directors Messrs. Winston Green and Delroy Foster; Messrs. Trevor Cameron and Charles Hanson, Members of the Credit Committee and Mr. Darren Brown, Chairman of the Supervisory Committee.

Apologies for lateness were tendered on behalf of Director Mr. Peter Scott; Treasurer Ms. Bobette Rigg; Ms. Judith Cawley and Ms. Natalie Stanford, Members of the Credit Committee.

## 4. Adoption of the Minutes of the 54th Annual General Meeting

The Secretary, Mrs. Terrie-Ann Bennett, requested a motion that the Minutes of the 54th Annual General Meeting held on Saturday, April 28, 2018, be taken as read. The motion was moved by Ms. June Matthews, seconded by Ms. Lola Francis and carried by the Meeting.

There was no correction to the Minutes of the 54th Annual General Meeting.

The Minutes of the 54th Annual General Meeting was approved on a motion moved by Mrs. Faith Bertram, seconded by Mr. Wilburn Pottinger and carried by the meeting.

### 4.1 Matters Arising from the Minutes of the 54th Annual General Meeting

There was no matter arising from the Minutes.

### 4.2 Adoption of the Minutes of the Special General Meeting

The Secretary, Mrs. Terrie-Ann Bennett, requested a motion that the Minutes of the Special General Meeting held on

# MINUTES

OF THE **55TH ANNUAL GENERAL MEETING**, Continued

Saturday, August 18, 2018, at the Jamaica Conference Centre be taken as read. The motion was moved by Mr. Condell Stephenson, seconded by Ms. Carol Fisher and carried by the meeting.

There was no correction to the Minutes of the Special General Meeting.

The Minutes of the Special General Meeting was approved on a motion moved by Ms. Cordella Merchant, seconded by Ms. Carmen Thomas and carried by the meeting.

## 4.3 Matters Arising from the Minutes of the Special General Meeting

There was no matter arising from the Minutes.

## 5. The Reports

On a motion moved by Ms. Paulette Howell, seconded by Mrs. Maxine Peart-Dyer and carried by the meeting, the following reports: Board of Directors, the Management, the Treasurer and Auditor, the Credit Committee, the Supervisory Committee, the League Delegates and the Nominating Committee were taken as read, en bloc.

### 5.1 The Report of the Board of Directors

The Chairman referred the meeting to the Report of the Board of Directors on pages 18-22.

The Chairman recognised the Board of Directors who served during 2018:

■ Mr. Pete Smith	-	President
■ Mr. Condell Stephenson	-	1st Vice President
■ Ms. Paulette Howell	-	2nd Vice President
■ Mrs. Terrie-Ann Bennett	-	Secretary
■ Mrs. Pauline Thompson	-	Asst. Secretary
■ Ms. Bobette Rigg	-	Treasurer
■ Mrs. Ashlyn Malcolm	-	Asst. Treasurer
■ Ms. Norma Neil	-	Director
■ Mr. Michael Dunn	-	Director
■ Mr. Austin Brown	-	Director
■ Mr. Peter Scott	-	Director
■ Mr. Delroy Foster	-	Director
■ Mr. Winston Green	-	Director

### The C&WJ Credit Union Performance

The Credit Union's performance in 2018 surpassed all its projections in the main focus areas such as membership, asset, savings regulatory capital, net surplus and arrears management.

The Chairman advised that:

- Membership grew from 86,132 at the end of 2017 to 122,458 as at December 31, 2018
- The S.A.Y.E. product moved from \$398 Million in savings at the end of 2017 to \$933 Million at the end of 2018
- C&WJCCUL was the first Credit Union to offer:
  - Online loan application
  - Online member application
  - Online funds transfer
  - Bill payments
  - Mobile App (available at the Play Store)

During 2018, C&WJCCUL officially and successfully concluded two mergers, Desnoes & Geddes Employees Co-operative Credit Union Limited and St. Elizabeth Co-operative Credit Union Limited.

C&WJCCUL continues to be an excellent corporate citizen in its commitment to education through its scholarship programmes and awards. Approximately \$6.5 Million in scholarships and bursaries were disbursed to over 95 children across Jamaica via the Credit Union's branch network in several communities.

The distributable surplus as at December 31, 2018, was \$127.9 Million. The Directors, in keeping with Article 14 Rule 66, section 1 and Article 15, Rule 67, have transferred \$93.25 Million of this surplus to Statutory Reserves, after which the amount available for distribution at this meeting would be \$34.725 Million.

The Chairman took the opportunity to advise the meeting that he would be retiring at the end of this 55th AGM and a new President would be selected. He expressed appreciation and thanks for the support given to him over the years. He also thanked the Board of Directors, members of the Credit and Supervisory Committees, Management and Staff and members for their continued support in helping to make Community & Workers of Jamaica Co-operative Credit Union a bold and strong Credit Union.

The Chairman addressed questions from the membership in terms of expansion, Deferred Shares, interest rates and savings products. The meeting also received positive testimonials from members regarding the Credit Union's performance, leadership and customer service.



# MINUTES

## OF THE 55TH ANNUAL GENERAL MEETING, Continued

The Report of the Board of Directors was adopted on a motion moved by Ms. Dahlia Murray, seconded by Mr. Robert Wynter and carried by the meeting.

### 5.2 The Management Report

The CEO, Mr. Carlton Barclay reported on the Credit Union's key initiatives for 2018. He stated that the Credit Union achieved:

- 42% increase in membership growth
- Loan growth of 25%
- Capital growth of 50%
- Growth in savings of 34%
- Customer satisfaction rating of 97%
- Implementation of a new core banking system
- Two successful mergers
- Deferred Shares increased by \$600 Million to \$900 Million.

### Regulatory Standards:

- C&WJCCUL met all the regulatory requirements of the BOJ
- Complied with the International Financial Reporting Standards (IFRS)
- Fully compliant with all PEARLS Ratios used by the League
- Policies and procedures in place to ensure compliance in all areas of KYC and AML/CFT laws
- Fully compliant with the Department of Co-operatives and Friendly Societies and the Financial Services Commission

### Good Corporate Governance

For good corporate governance, the Credit Union had implemented an Enterprise Risk Management Committee that monitors and measures risks.

### Member Value

The financial well-being of C&WJCCUL's members was enhanced with the successful implementation of the core banking system that afforded members the opportunity to do online loan and membership applications, transfer funds, pay bills, etc.

### Human Resources

To continue to empower and motivate staff several

training initiatives were planned for roll out during 2019.

### Mergers

With the successful mergers of D&G Co-operative Credit Union and St. Elizabeth Co-operative Credit Union, the Credit Union was able to achieve the number one status of being Jamaica's largest Credit Union.

### Information Technology

In 2018, C&WJCCUL successfully implemented a new banking system – SHARETEC - which provided greater online access for the members and improved delivery channels.

### Corporate Social Responsibility

During 2018, the Credit Union continued to build lives and communities with special emphasis on education and youth development through its Secondary School Assistance Programme (SSAP).

### Financial Performance

- Total Assets increased by \$4.5 Billion or 39% at the end of 2017
- Growth in membership increased from 67,000 in 2014 to over 122,000 at the end of December 2018
- Savings grew by \$3.2 Billion or 34% above 2017.

### Special Promotion

During the year, there were two winners of the S.A.Y.E special promotion who won two brand new Toyota Yaris motor cars.

### Net Surplus of \$102 Million

The Credit Union realised a net surplus of \$102 Million for 2018. This was well below the previous year of \$304 Million which was positively impacted by a one-off item - a pension refund of \$119 Million. Also, in 2018 C&WJCCUL had to comply with IFRS that required significant additional provision.

Mr. Barclay concluded his presentation by expressing appreciation to the Management, Staff, Board of Directors and Committee members for their continued support. He also thanked the members for their support and contribution in making C&WJCCUL the best Credit Union in Jamaica.

Mr. Barclay addressed questions from the members regarding S.A.Y.E accounts, savings in foreign currency, regulatory requirements and operational matters.

# MINUTES

## OF THE 55TH ANNUAL GENERAL MEETING, Continued

Commendation and testimonials were also given.

The Management Report was adopted on a motion moved by Mrs. Pauline Thompson, seconded by Mr. Ertis Blake and carried by the meeting.

### 5.3 The Treasurer's Report

#### 5.3.1 Auditor's Report and Financial Statements for the Year 2018

The Chairman invited the Auditor, Ms. Cynthia Lawrence from KPMG to present the Auditors' Report which was on page 45 of the Annual Report. The report was read by Ms. Lawrence which stated that the financial statements gave a true and fair view of the financial position and performance of the Credit Union as at December 31, 2018, in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

#### 5.3.2 The Treasurer's Report

The Treasurer, Ms. Bobette Rigg referred the meeting to the Auditors' Report and Financial Statements set out on pages 49 - 125 of the Annual Report. Ms. Rigg reported on the 2018 financial statements as follows:

- As at December 31, 2018, C&WJCCUL reported Total Assets of approximately \$16 Billion – a growth of 39% over December 2017
- Net loans grew by 25% to \$10.7 Billion
- Capital base grew by 49.7% or \$884.4 Million
- YTD Total Interest Income stood at \$1.388 Billion and Non-Interest Income at \$308.5 Million.
- Operating expenses incurred for 2018 amounted to \$1.16 Billion.
- Net Surplus was \$102 Million as at December 2018.
- Non-performing loans of \$234 Million as at December 31, 2018, were 2.15% of total loans.
- Non-earning Assets to Total Assets was 9.4% which was outside of the Standard.
- The Credit Union has complied with the Standard for Loan Loss.

Ms. Rigg addressed questions from the membership concerning the Education Reserve.

The Treasurer's Report, Auditor's Report and Financial Statements were adopted on a motion moved by Mrs. Daliah Royal, seconded by Mr. Fritz Rowe and carried by the meeting.

### 5.3.3 Appropriation of Surplus

The Treasurer presented the Board's recommendation for the appropriation of the 2018 surplus as follows:

#### Surplus for the year available for:

Distribution	\$127,975,000
Statutory Reserves	(\$ 93,250,000)
Dividend for Membership	
Qualification shares 6%	(\$ 15,765,000)
Honoraria	(\$ 8,960,000)
Education Reserve	(\$ 5,000,000)
Disaster & Social Outreach	(\$ 5,000,000)

Ms. Rigg addressed questions from the membership about the Financial Statements.

The appropriation of the surplus as presented by the Treasurer was approved on a motion moved by Ms. Janet Lewis, seconded by Ms. Marcia Brown with 3 against and no abstentions. The motion was carried by the meeting.

### 5.3.4 Fixing of Maximum Liability

In keeping with Rule 70, it was proposed that the maximum liability for loans that the Board of Directors may borrow was set at 16 times the Credit Union's Capital and Reserve Fund which was approved on a motion moved by Ms. June Matthews, seconded by Ms. Hyacinth Mitchell and carried by the meeting.

### 5.4 The Report of the Credit Committee

The Chairman referred the Meeting to the report on pages 126 - 128 of the Annual Report.

A motion for the Report of the Credit Committee to be taken as read, having been previously circulated, was moved by Ms. Marcia Samuel, seconded by Mr. Norris Miller and carried by the meeting.

The Chairman invited questions in relation to the report of the Credit Committee.

There being no question, the Report of the Credit Committee was adopted on a motion moved by Ms. Janet Lewis, seconded by Mr. Ryan Simons and carried by the meeting.

### 5.5 The Report of the Supervisory Committee

The Chairman referred the Meeting to the report on pages 129 - 131 of the Annual Report.



# MINUTES

## OF THE 55TH ANNUAL GENERAL MEETING, Continued

A motion for the Report of the Supervisory Committee to be taken as read, having been previously circulated, was moved by Ms. Dhalia Murray, seconded by Mrs. Faith Bertram and carried by the meeting.

The Chairman invited questions in relation to the report of the Supervisory Committee.

There being no questions, the Report of the Supervisory Committee was adopted on a motion moved by Ms. Teresa Morgan, seconded by Ms. Maxine Johnson and carried by the meeting.

### 5.6 The Report of the League Delegates

The Chairman referred the Meeting to the report on pages 130 - 133 of the Annual Report.

The motion for the Report of the League Delegates to be taken as read, having been previously circulated, was moved by Mrs. Maxine Peart-Dyer, seconded by Mr. Nathan Davis and carried by the meeting.

The Chairman invited questions in relation to the report of the League Delegates.

There being no questions, the Report of the League Delegates was adopted on a motion moved by Ms. Marcia Samuels, seconded by Mrs. Doreen Hayden-Brown and carried by the meeting.

### 6. Elections

#### The Report of the Nominating Committee

The Chairman referred the Meeting to the report on pages 134 - 137 of the Annual Report.

The motion for the Report of the Nominating Committee to be taken as read, having been previously circulated, was moved by Mr. Ertis Blake, seconded by Ms. Irene Mighty and carried by the meeting.

Ms. Tanesha Facey, of the Department of Co-operatives & Friendly Societies, conducted the election. She addressed questions regarding the retiring of members.

A motion for the Board of Directors to remain at 13 members until 2020 where it will revert to 11 was moved by Ms. Angela Fagon, seconded by Ms. Pauline Bailey and carried by the meeting.

#### (a) Board of Directors

Members retiring at the 2019 Annual General Meeting were:

- Condell Stephenson
- Michael Dunn
- Paulette Howell
- Pauline Thompson
- Pete Smith
- Ashlyn Malcolm
- Norma Neil

The members listed below were nominated by the Committee to fill the vacancies on the Board of Directors for the term adjacent to each nominee:

- |                          |         |
|--------------------------|---------|
| ■ Condell Stephenson     | 2 years |
| ■ Ashlyn Malcolm         | 2 years |
| ■ Paulette Howell        | 2 years |
| ■ Pauline Thompson       | 2 years |
| ■ Michael Dunn           | 2 years |
| ■ Winston Green          | 2 years |
| ■ Bornette Donaldson     | 2 years |
| ■ Christopher Buckmaster | 1 year  |

There being no other nominations, the abovementioned members were declared duly elected to the Board of Directors on a motion moved by Mr. Herbert Duval, seconded by Ms. Gloria Bean and carried by the meeting.

#### (b) Credit Committee

Members retiring at the 2019 Annual General Meeting were:

- Judith Cawley
- June Matthews
- Clifton Atkinson
- Charles Hanson

The members listed below were nominated by the Committee to fill the vacancies on the Credit Committee for the term adjacent to each nominee:

- |                    |         |
|--------------------|---------|
| ■ Clifton Atkinson | 2 years |
| ■ Charles Hanson   | 2 years |

There being no other nominations, the abovementioned members were declared duly elected to the Credit

# MINUTES

## OF THE 55TH ANNUAL GENERAL MEETING, Continued

seconded by Ms. Winnifred Stewart and carried by the meeting.

#### (c) Supervisory Committee

Members retiring at the 2019 Annual General Meeting were:

- Darren Brown
- Judy-Ann Reid
- Carla Davy
- Rohan Saunders
- Daniel Scott
- Deon Mason-Gordon
- Hortense Hylton
- Webley McGowan
- Richard Meggo
- Kevron Caine
- Paul Bernard
- George Morris

The members listed below were nominated by the Committee to fill the vacancies on the Supervisory Committee for the term adjacent to each nominee:

- |                     |        |
|---------------------|--------|
| ■ Darren Brown      | 1 year |
| ■ Daniel Scott      | 1 year |
| ■ Deon Mason-Gordon | 1 year |
| ■ Richard Meggo     | 1 year |
| ■ Kevron Caine      | 1 year |
| ■ Paul Bernard      | 1 year |
| ■ George Morris     | 1 year |

There being no other nominations, the abovementioned members were declared duly elected to the Supervisory Committee on a motion moved by Ms. June Matthews, seconded by Ms. Yvonne Williams and carried by the meeting.

#### (d) Management of Other Registered Societies

#### Delegates to the Jamaica Co-operative Credit Union League Ltd.

The President-Elect and the Chief Executive Officer were duly elected as delegates to the Jamaica Co-operative Credit Union League Limited.

#### Delegates to the JCIA

The Treasurer-Elect and the Chief Executive Officer were

duly elected as delegates to the JCIA.

#### Delegates to QNET

The President-Elect and the Chief Executive Officer were duly elected as delegates to QNET.

The abovementioned delegates were declared duly elected to the Jamaica Co-operative Credit Union League, the Jamaica Co-operative Insurance Agency (JCIA) and Quality Network Co-operative Limited (QNET) on a motion moved by Ms. Carla Davy, seconded by Ms. Simone Spaulding and carried by the meeting.

### 7. Any Other Business

The Chairman addressed questions from the membership regarding S.A.Y.E interest rates, the appropriate time to elect representatives to the Board, possible venue change of the AGM, renovation of the Port Maria Branch, update on Deferred Shares and operational matters. The Manager and staff of the May Pen Branch were commended by Ms. Marcia Samuels.

### 8. Drawing of Gate Prizes

The gifts and prizes were drawn.

### 9. Adjournment

The meeting adjourned at 1:55 pm.

Terrie-Ann Bennett (Mrs.)  
Secretary, Board of Directors





Mr. Michael Dunn  
**1st Vice President**

Mr. Condell Stephenson  
**President**

Mr. Austin Brown  
**2nd Vice President**

## BOARD OF DIRECTORS



Mr. Bornette Donaldson  
**Assistant Treasurer**

Mrs. Ashlyn Malcolm  
**Treasurer**

Mrs. Terrie-Ann Bennett  
**Secretary**

Ms. Pauline Thompson  
**Assistant Secretary**





Mr. Christopher  
Buckmaster  
**Director**

Mr. Peter Scott  
**Director**

Mr. Shauneil James  
**Director**



Ms. Paulette Howell  
**Director**

Mr. Delroy Foster  
**Director**

Mr. Winston Green  
**Director**

## BOARD OF **DIRECTORS** CONTINUED

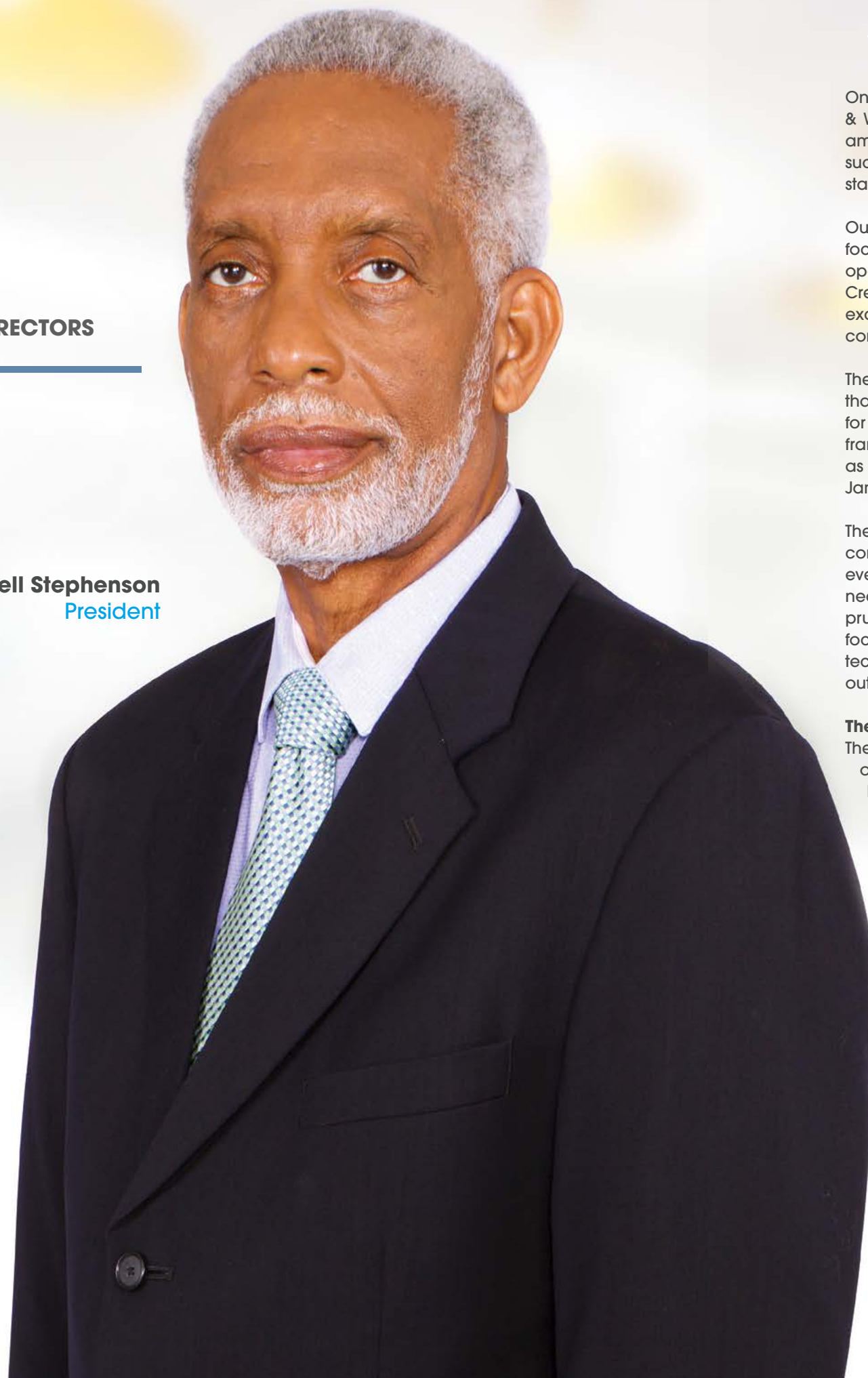


# REPORT

## OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED  
DECEMBER 31, 2019

**Condell Stephenson**  
President



On behalf of the Board of Directors of the Community & Workers of Jamaica Co-operative Credit Union Ltd, I am pleased to report that the financial year, 2019 was a successful one for the company, our communities and stakeholders.

Our strong performance is the result of steady and focused implementation of our strategy to drive operational strength and adaptability at all levels of the Credit Union, expand our service channels to deliver exceptional customer experience and reinforce our core leadership values.

The philosophy which continues to shape our success is that the financial wellbeing of our members is our reason for being. It is this philosophy which drives our mission, frames our vision and determines our value proposition as the largest Credit Union in terms of asset base in Jamaica at this time.

The Board of Directors have emphasised our continued commitment to the culture of communities and workers even as we consciously engage the changes that are necessary to build value for our members through prudent leadership, sound risk management, steady focus on operational strength and adaptability in technology and creating even more opportunities for outstanding customer experience.

### The Jamaican Economy - Performance Indicators

The Board recognises the continued positive performance of the Jamaican economy. In 2019 this performance bolstered business confidence and influenced the performance of our Credit Union in the financial year. Jamaica's core areas of economic strength include the following:

- The Bank of Jamaica during 2019 reduced its policy interest rate on four occasions by a total of 125 basis points to the historic low of 0.50 per cent per annum.
- The All Jamaica Consumer Price Index recorded an inflation rate of 0.5 per cent in December 2019, resulting in the calendar year inflation rate of 6.2 per cent, according to the Statistical Institute of Jamaica.
- The Jamaican economy is estimated to have recorded real GDP growth of 0.9 per cent in 2019, albeit at a slower pace than the growth of 1.9 per cent observed in 2018. The slowdown in growth was predominantly related to the temporary closure of the Alpart Alumina plant and the completion of various road rehabilitation projects.

- In November 2019, Jamaica successfully completed its final review under the 36-month precautionary Stand-By Arrangement with the International Monetary Fund (IMF). The IMF noted that Jamaica's reforms under the programme had institutionalised fiscal discipline and led to a substantial reduction in the public debt, which is on track to meet the legislated target of 60 per cent of GDP by March 2026.
- The Bank of Jamaica maintained a strong net international reserve position during 2019, with reserves increasing by US\$157.1 million to close at US\$3 162.5 million.
- The debt/GDP ratio has fallen below 100% (94.6% for FY2018/19). This is recorded by the Economic and Social Survey (Planning Institute of Jamaica) as the lowest in almost two decades.
- At the end of 2018/2019 fiscal year, the debt-to-GDP ratio reached 96.1%, this represents the lowest rate recorded since 2008.
- At July 2018, the country saw the highest ever employment level of a little over 1.2 million persons.
- The World Bank's Doing Business Report 2019 indicated that Jamaica remained one of the best performing countries in the Latin America & the Caribbean region with an improvement in the Ease of Doing Business.
- In light of Jamaica's strong performance, the three main ratings agencies issued ratings upgrades for Jamaica during 2019. The rationale for the upgrades included the maintenance of strong fiscal discipline which has resulted in sustained high primary surpluses; a significant reduction in public debt levels; and the entrenchment of institutional strengths.

The economic indicators suggest that Jamaica will continue on this path of steady economic growth. This augurs well for our business as we pursue the resulting benefits for our members.

### Bank of Jamaica (BOJ) Indicators

The 2019 BOJ annual report endorsed Jamaica's 2019 performance indicators. The report points out that as a result of positive macroeconomic conditions in Jamaica in 2019, the risks to financial stability had been significantly mitigated.

Deposit-Taking Institutions (DTIs) remained strong; well capitalised; liquid; and profitable; and recorded improvements in asset quality during the year.

# REPORT

## OF THE BOARD OF DIRECTORS, Continued

The BOJ has indicated that the following pending amendments to legislation include, but not limiting to:

- The Bank of Jamaica Amendment Bill;
- The Co-operative Societies Amendment Bill;
- The Credit Unions (Special Provisions) Bill; and
- The Micro Credit Bill.

### Performance of the Credit Union Movement

Contrary to the trend in recent years there has been a reduction in the pace of consolidation/mergers in the credit union sector during 2019.

At the end of 2019, the number of credit unions in operation in Jamaica remained at twenty-five (25).

The movement continues to perform creditably in relation to a number of its key result areas with assets growing by 7.74% to close the year at \$123.97B; savings growing by 7.84% to \$96.31B; and loans by 12.08% to \$91B. Profitability recorded an improvement in the ratio of net surplus to average assets. This ratio increased from 1.68% to 1.76% in 2019.

The fiercely competitive environment in which our Credit Union operate drives us to execute creatively, manage prudently and assert our value proposition as the financial services provider of choice to our communities and stakeholders.

### C&WJ Credit Union Performance – Key Areas

At the start of the financial year 2019, the leadership of the Credit Union undertook the strategy to build on the accomplishments of 2018 by strengthening our operational capability with a significant focus on regulatory compliance, streamlining our technology platform and expanding service channels. Through this strategy we expected to entrench outstanding member engagement indices and maintain consistently solid growth over the previous year.

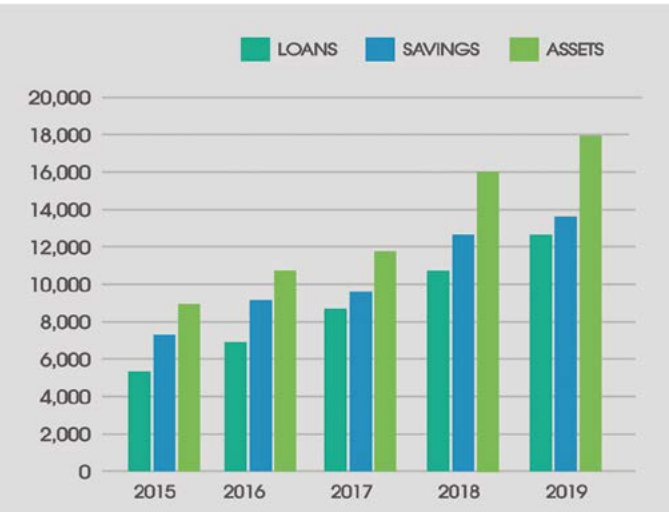
Our expectations were realised. The outcome was a steady performance in the key areas of our business and consistently positive feedback on member satisfaction.

The Credit Union's performance in 2019 in the following key result areas are set out in this table:

KEY RESULT AREAS	2019	2018	%
Membership	127,712	122,458	4.3
Assets (\$M)	17,758	16,020	10.85
Savings (\$M)	13,424	12,560	6.9
Loans (\$M)	12,654	10,664	18.65
Regulatory Capital (\$M)	2,933	2,570	14
Net Surplus (\$M)	347.7	102.4	239.6
Customer Satisfaction Score	97%	96%	1

### Growth

During 2019, the Credit Union entrenched its growth strategy by focusing on member engagement. The skilled execution of the strategy continued to produce exceptional results as the Credit Union experienced significant growth in all areas of our operations during 2019. C&WJCCUL at the end of December 2019 remained the largest Credit Union in Jamaica based on total assets, and controlling market share of over 14% of the movement's savings.



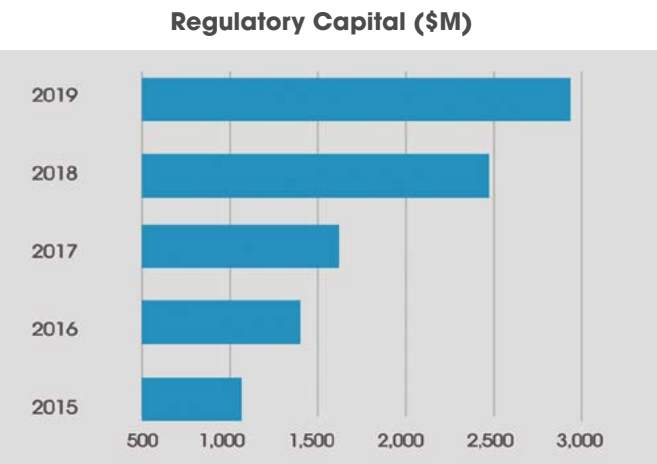
The 5-year growth chart shows that the Credit Union continued to record significant levels of organic growth achieving asset growth of over 10% even without implementing a merger this year. Loan growth recorded an increase of 18.65% for the year.

# REPORT

## OF THE BOARD OF DIRECTORS, Continued

### Regulatory Capital

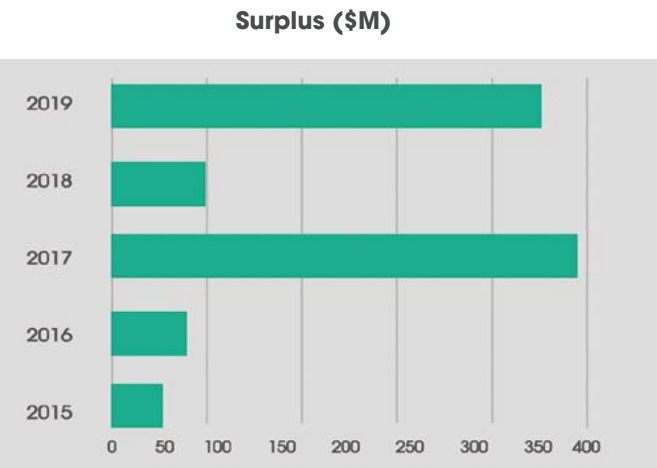
The Credit Union's financial position is undergirded by a strong capital base. The growth in institutional Capital for the period 2019 was \$363M or 14% above 2018. Your Directors were very deliberate about this as it provides a good buffer for the protection of our members' savings. The growth chart below shows the consistently strong growth being achieved in our institutional capital.



### Profitability Surplus

Our Credit Union made a surplus of \$347 for the year. This represents an increase of 239.6% when compared to the \$102M outturn in 2018.

The distributable surplus at December 31, 2019 was \$364.9M. The Directors in keeping with Article XIV Rule 73 and Article XV Rule 74 have transferred \$314.17M of this surplus to Statutory Reserves after which the amount available for distribution at this meeting is \$50.7M. The Directors recommendations to the meeting for the appropriation of this surplus are set out in the Treasurer's Report.



### MEMBER SATISFACTION INDICES

The C&WJ Co-operative Credit Union continues to record a high level of member satisfaction regardless of the measure used. In 2019, the member satisfaction survey emerged at 97%, an improvement over the 2018 outturn of 96%. The measures of satisfaction converged around some key areas of our business process, namely the ease of doing business, customer service and convenience, 97% of the members surveyed gave the Credit Union a positive rating.

The Credit Union continued to work on the areas which were bad; not too good; or need improvements.



### REGULATORY COMPLIANCE AND RISK MANAGEMENT

Our Credit Union Movement operates in a highly regulated financial environment and as a result our regulatory compliance and risk management strategies are aligned to the environment in which we do business. Our commitment to our members is that we will continue to manage their interest with prudence, being careful to ensure that there is little to no risk of exposure and that the business remains compliant in the regulatory environment.

The risk mitigation strategies having been implemented have produced very favourable results. At December 2019 the Credit Union's delinquency ratio was at 2.99%, its lowest in our recent past. This ratio increased to 7% at December 2018 as a consequence of the merger with St. Elizabeth CCU. The Credit Union has however successfully reduced this ratio, and within a year has already brought it in line with the PEARLS Ratio requirement of less than 5%.



# REPORT

## OF THE BOARD OF DIRECTORS, Continued

### Department of Co-operatives and Friendly Societies

During the year the Credit Union operated within the Rules and Regulations set by our Regulator. All required reporting were satisfied.

### Jamaica Co-operative Credit Union League

Your Credit Union continues to adhere to the safety and soundness principles including the PEARLS prudential financial performance standards established by the League's Stabilisation Fund. During the year the members' savings were fully guaranteed under the League's Stabilisation Fund.

### Bank of Jamaica

The Credit Union continued to submit monthly reports to the Bank of Jamaica (BOJ) as well as satisfying the Fit and Proper requirements for Officers. The Bank of Jamaica Credit Union regulations were still not enacted at December 31, 2019. The Credit Union however continues to align our operations in preparation for licensing by the Bank of Jamaica.

### Financial Services Commission (FSC)

Your Credit Union continues to be a Licensed Securities Dealer and to submit statutory returns under the provisions of the Securities Act, administered by the FSC.

### CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES

#### Education Assistance Programmes

In 2019 the Credit Union continued its focus on our youth in the Secondary School system through the provision of assistance under the Secondary School Assistance Programme (SSAP).

The Credit Union awarded over \$4.5 million under the following Educational Assistance Programmes:

- Ertis Blake Tertiary Scholarship;
- the Desmond Duval Scholarship;
- the F.T. Spence Memorial Scholarship for students pursuing programmes at the tertiary level;
- Scholarships and Bursaries granted to children of members throughout the 21 branches of the Credit Union.

During the year our members voted to add \$5 million to the Scholarship Fund from the 2018 surplus, while the

Credit Union paid out \$4.5 million in scholarships, bursaries and grants. At year-end the Fund had a balance of \$3.5 million. This year the Directors are proposing the addition of \$5 million to the scholarship fund as an appropriation from the surplus.

The Directors wish to thank the Chairman of the Education Committee, Miss Paulette Howell and its other members Mrs. Terrie-Ann Bennett, Mr. Peter Scott, Mr. Christopher Buckmaster, Mr. Winston Green, Miss Brenda Reid and Mr. Carlton Barclay for their hard work and dedication in serving our youths.

### Board Governance

During the year the Board continued to provide oversight of the operations of the Credit Union through the following tools:

- Monthly Board Meetings
- Monthly and/or periodic reports from Supervisory Committee; Credit Committee; and Board appointed Committees, such as the Arrears Committee, the Property Committee, the Asset Liability Management Committee (ALCO), the new Policy and Policy Review Committee, the Information Technology Committee, the Enterprise Risk Management (ERM) Committee and the Education Committee.
- Annual Strategic Planning Retreat
- Specific Training of Board Members
- The Balanced Scorecard
- The introduction of the Whistle Blowing Policy and the Ethics and Corporate Behaviour Committee.

Additionally, other initiatives on which the Board wishes to report include the following:

### Board Performance

#### Officers and Directors

Mr. Condell Stephenson was elected as President of the Credit Union at the Re-organisational Meeting held on May 3, 2019. The officers and Directors of the Credit Union were:

Condell Stephenson	-	President
Michael Dunn	-	1st Vice President
Austin Brown	-	2nd Vice President
Ashlyn Malcolm	-	Treasurer

# REPORT

## OF THE BOARD OF DIRECTORS, Continued

Terri-Ann Bennett	-	Secretary
Bornette Donaldson	-	Asst. Treasurer
Pauline Thompson	-	Asst. Secretary

The other Directors were: Mr. Peter Scott, Paulette Howell, Bobette Rigg, Delroy Foster, Winston Green, and Christopher Buckmaster.

Miss Bobette Rigg tendered her resignation from the Board on May 6, 2019. The vacancy on the Board was filled on May 25, 2019 where Mr. Shauniel James replaced Miss Bobette Rigg.

### Meeting Attendance

Attendance at Directors' Meeting is set out below:

#### ATTENDANCE AT BOARD MEETINGS FOR THE PERIOD JANUARY TO DECEMBER 2019

DIRECTORS	# of Possible Meetings	Number Attended	Absent With Excuse
Bennett, Terrie-Ann	12	10	2
Brown, Austin	12	11	1
Buckmaster, Christopher	8	7	1
Donaldson, Bornette	8	8	-
Dunn, Michael	12	12	-
Foster, Delroy	12	11	1
Green, Winston	12	11	1
Howell, Paulette	12	11	1
James, Shauniel	7	7	-
Malcolm, Ashlyn	12	12	-
Neil, Norma	4	4	-
Rigg, Bobette	4	4	-
Scott, Peter	12	12	-
Smith, Pete	4	4	-
Stephenson, Condell	12	11	1
Thompson, Pauline	12	10	2

On behalf of the Board of Directors, I also wish to thank the many individuals and institutions in the Credit Union family, the volunteers, Jamaica Co-operative Credit Union League Limited, CUNA Mutual Insurance Society, National Union of Co-operative Societies (NUCS), Co-operative Department, and the other organisations with which the Credit Union worked during the year. I also wish to salute the past Presidents and Board members who have served this noble institution with distinction over the past years and continue to be a valuable source of wisdom and guidance.

I wish to convey special thanks and to show our appreciation to our Board and Committee members who will be demitting office at this Annual General Meeting:

Terrie-Ann Bennett	-	Board of Directors
Peter Scott	-	Board of Directors
Natalie Stanford	-	Credit Committee
Darren Brown	-	Supervisory Committee
Dionne Mason-Gordon	-	Supervisory Committee
Daniel Scott	-	Supervisory Committee

The Board also thanks FLOW, JAMALCO, ICD GROUP, NWC, D&G and our several other strategic partners for the strong level of co-operation and support.

Thanks to the members of our Executive Management Team Mr. Carlton Barclay; Mrs. Joyce West-Johnson, Mrs. Sacha Vaccianina-Riley, Mrs. Tracy-Ann Henry-Williams; and other managers and staff for their professionalism and concern for the welfare of the Credit Union and the members. The Board also wishes to thank you the members, who continue to faithfully support the Society.

### OUR VISION FOR 2020

We start 2020 with a clear recognition that the role of the CW&JCCUL in communities and for our workers is more crucial now than we could ever imagine.

### COVID-19 RESPONSE AND RECOVERY

As our nation, communities and workers prepare to manage the economic impact of the COVID-19 pandemic, our business will become their point of reference for personal and business support.



# REPORT

## OF THE BOARD OF DIRECTORS, Continued

We understand the complex challenges that are before us and we reference the indomitable spirit of community and workers that created and sustained the Credit Union through turbulent times.

2020 calls us to vision for our members, with creativity and ingenuity. Our MEMBER FOCUS strategy for 2020 will come alive. It is a promise that our business will rise to the challenge of rebuilding and reforming for the financial wellbeing of our members.

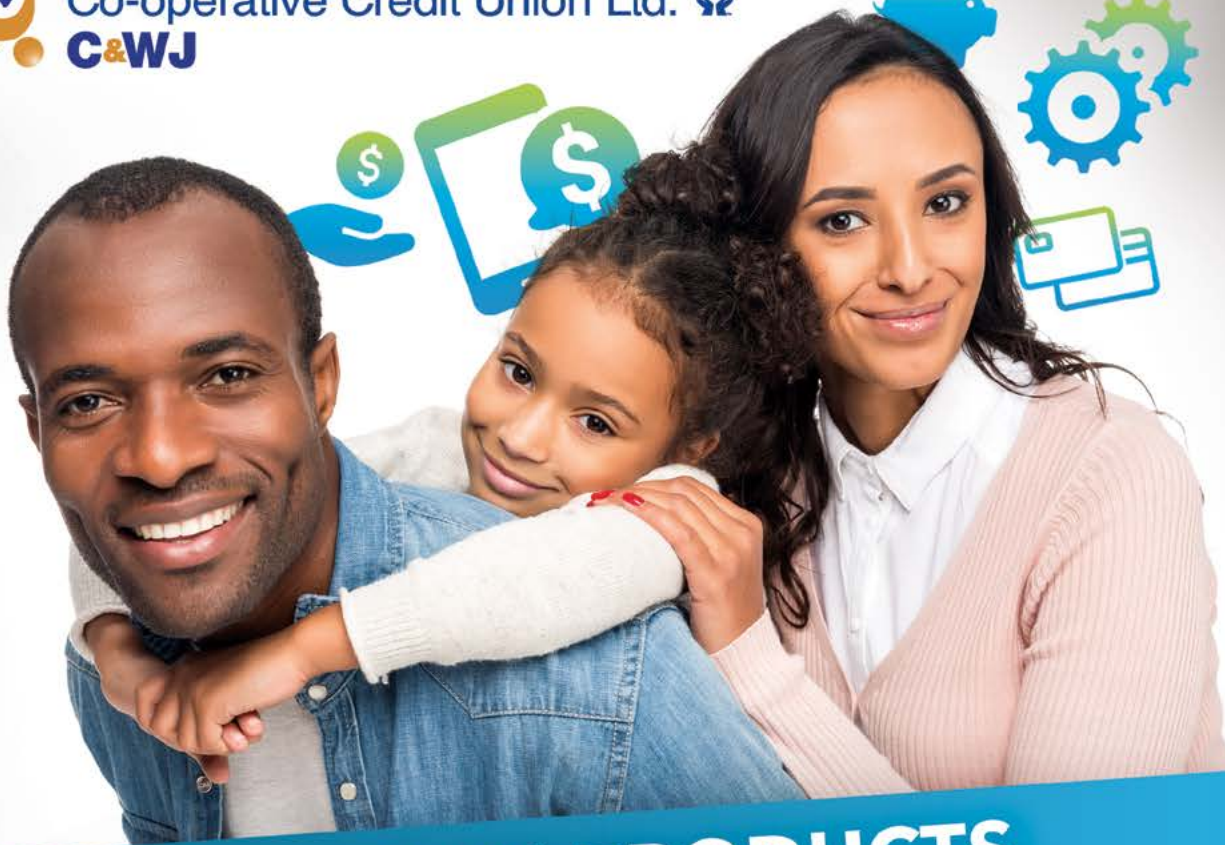
I am grateful for the opportunity to have served the members of this great institution. I will always be faithful to our Credit Union and our mission. Thank you all.

For and on behalf of the Board.



Signed,

Condell Stephenson  
President



## LOAN PRODUCTS SAVINGS SOLUTIONS SERVICES

### LOAN PRODUCTS

#### UNSECURED LOANS - MAXIMUM \$1.5M

- Education Loan / Back to School Loan
- Debt Consolidation Loan
- Motor Vehicle Loan
- Insurance Premium Financing Loan
- Hire Purchase Loan
- Partner Plan Loan

#### SECURED LOANS

**REAL ESTATE:** Home Purchase Loan, Home Equity Loans  
**MOTOR VEHICLE:** MV Purchase Loan, MV Equity Loan  
**CASH:** Shares, Fixed Deposit, Golden Harvest (SAYE), Stocks, Cash Surrender Value (CSV) of Life Insurance Policies

### SAVINGS PRODUCTS

- SAYE / Golden Harvest
- Express Salary Deposit
- Golden Anchor
- Long Term Savings (LSA)
- Term Deposit
- Ordinary Shares
- Ordinary Deposits
- Partner Savings Plan
- Christmas Club
- Deferred Shares
- Treasure Chest
- Pump Up Savings
- Educator Plus

### SERVICES

- Loan Protection Insurance
- Life Savings Insurance
- Goal Protection Insurance
- Financial Counselling
- Will Making & Estate Plans
- Internet / Mobile Banking
- Telephone Banking
- Multi-Link Access Debit Card
- JCCUL Health Insurance Plan
- Family Indemnity Plan
- Remittance
- Insurance Services (JCIA)
- Bill Payment
- Safety Box Deposit



# MANAGEMENT TEAM





# THE MANAGEMENT REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2019

**Carlton Barclay, JP**  
FCCA, FCA, MBA  
Chief Executive Officer



I am pleased to report strong performance of the Community and Workers of Jamaica Co-operative Credit Union (C&WJCCUL) for the Year ending December 31, 2019.

Our Credit Union continues to successfully deliver on our strategic priorities and outperform the competition in key areas. This year, once again C&WJCCUL emerged as the Credit Union with the largest asset base in Jamaica.

In all business lines the (C&WJCCUL) maintained steady performance for the fiscal year, reporting favourable growth in our core business areas.

At the start of 2019 the Board of Directors had determined that our Credit Union would be fully focused on the following strategic priorities for the financial year:

1. Building value for our members
2. Improving Technology Infrastructure
3. Regulatory Compliance and Risk Management
4. Corporate Social Responsibility

Our business successfully delivered on all strategic priorities, significantly influencing the positive performance achieved for 2019.

### BUILDING VALUE FOR OUR MEMBERS

In fulfilling our mission to enhance the financial wellbeing of our members by providing them with superior financial services and innovative products in a friendly environment, our Credit Union launched the online transaction platform in 2018.

The platform allowed members to be able to transfer funds online to the other Credit Union members; as well as between the Credit Union and commercial banks.

In 2019 our members were actively accessing and using the online platform. This is one more step in our continuing plan to increase convenience and access to our services by our members.

### Member Satisfaction Survey

Convenience and ease of use are two attributes that resonated with our members in the financial year. In response to our Customer Satisfaction Survey, members indicated that they are satisfied with some key

features of our business. These are ease of doing business, convenience and the level of customer service. In addition staff professionalism, helpfulness and friendliness, were three top attributes with which our customers are satisfied.

This Customer satisfaction survey conducted by Marketing Strategy Limited is a key resource for us to measure our value as seen through our customers eyes. Over the past three years the results have indicated a consistent satisfaction score between 96% and 97% the top level this year increasing 1% over 2018 to 97%.

The survey result is one of the reference points to plan for and implement our member value strategy in the coming financial year.

TOP 3  
FEATURES

- Level of Customer Service
- Ease of Doing Business
- Convenient Opening Hours

TOP 3  
FEATURES

- Staff Professionalism
- Staff Helpfulness
- Staff Friendliness

### OPERATIONAL FRAMEWORK AND EFFICIENCIES

The expansion in our asset base through the mergers in 2018 tested our capacity to build a sturdy and seamless operational framework.

At December 31, 2019 our Credit Union had successfully integrated the business processes resulting from the mergers, expanded the technology platform and consolidated operations into a seamless process.

### Technology

Over a two-year period, C&WJCCUL invested in significant technology infrastructure to support our business processes, optimise efficiency and provide value to our members.

- Our core banking system (Sharetec) is now fully expanded and enabled to support member online access, and expanded delivery channels



# THE MANAGEMENT REPORT Continued

- Our Enterprise Risk Management system is being enabled to target and eliminate Cyber Security threats.
- Our Credit Union's physical and logical IT asset management system is routinely being assessed and strengthened where necessary to eliminate vulnerability in administration of access, authorisation and authentication.
- To create value for our members we routinely respond to feedback and review and reframe our core banking facility to become more member friendly.

**Our people**  
Critical to our mission to enhance the financial well-being of our members is our human resource strategy. The C&WJCCUL is committed to building strong functional and behavioural competences in our team, to enhance employee engagement and create an environment that motivates employees for success.

Our strategy to build member strength and value is irrevocably dependent on the success of our people strategy and for that reason in 2019 we designed a comprehensive training and development plan which will align with our member strategy.

The plan includes a focus on building exceptional customer experiences, member relationship management for our Customer Service Leaders and developing leadership capacity.

A critical measure of the success of our training and development plan is in the business impact in member engagement and growth.

## OUR REGULATORY COMPLIANCE AND RISK MANAGEMENT PROFILE

Driven by global and national financial risk management and regulatory imperatives our Credit Union has constructed its financial and risk management profile to comply with these imperatives, to protect the assets of our business and the financial wellbeing of our members.

Our regulatory and risk management strategy focuses on minimising exposure and ensuring that we strive to protect the interests of our members at all times.

At December 31, 2019, as part of our Regulatory Compliance Framework, C&WJCCUL had fully prepared for licensing by the Bank of Jamaica (BOJ). The Senior Management routinely manages the organisation's policies, procedures and processes to comply with capital standards and regulatory framework outlined in the draft regulations of the BOJ.

The draft BOJ legislation was still not enacted at December 31, 2019. The Credit Union however continues to submit reports to the Bank of Jamaica as required on a monthly basis.

**Jamaica Co-operative Credit Union League**  
The PEARLS Ratios represent the main financial standards used by the Jamaica Co-operative Credit Union League to regulate Credit Unions in Jamaica. During 2019 the Credit Union continued to operate in compliance with these standards. The Credit Union continued to submit monthly returns as required by the League during 2019. The Credit Union was also fully compliant with the payment of League Dues and Stabilisation Fund Dues for the year 2019.

**AML/CFT Compliance**  
In 2019, the Credit Union was in full compliance with the provisions of the Jamaican Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) laws, and the applicable Guidance Notes.

Our Credit Union is also in full compliance with the requirements of our regulatory bodies to include the Department of Co-operatives and Friendly Societies; and the Financial Services Commission.

**CORPORATE SOCIAL RESPONSIBILITY**  
The C&WJCCUL operates from 21 branch offices in 9 parishes, cities, towns and communities across Jamaica.

We are part of the fabric of those communities, where our members and teammates live, work, and raise their families. As a good corporate citizen, during the year we continued to Build Lives and to Build Communities. We specifically focused on education and youth development through our Secondary School Assistance Program (SSAP). The staff of all branches were involved in the numerous corporate social outreach activities of the Credit Union. These activities were in the areas of health

# THE MANAGEMENT REPORT Continued

care, community welfare, education, and care for the elderly and youth empowerment.

Credit Union week activities were rolled out in the week of October 14 -18, 2019; under the theme "Local Service. Global Reach". CWJCCUL ensured that our members were shown special appreciation during this period with a number of events put on throughout our branches.

**A SUMMARY OF OUR PERFORMANCE IN 2019**  
Our Credit Union continues to measure our key performance indicators against the international credit union PEARLS Standard; against our peers in the credit union movement; as well as against the targets set for the 2019 financial year.

Our performance measures covered financial targets as well as non-financial targets, and facilitated proactive response to changes in our environment. We are pleased to report that we focused on the following key performance indicators and during the year the actual results exceeded the targets in most of the KPI's.

**GROWTH**  
**Growth in Assets**  
Signs of Growth is one of the very important KPIs on the Balanced Scorecard which the Credit Union measures and reports to the Board on a monthly basis. The chart below tracks the Credit Union's growth in Assets and Savings and Loans over the five-year period to December 2019:

Total assets increased by \$1.74 Billion to \$1.78 Billion or 10% above the 2018 value of \$16 Billion.

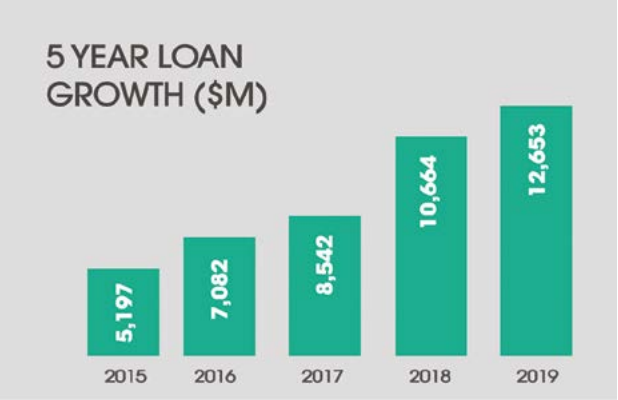
This sober growth which is fully organic followed on a major jump in assets over the 2017/2018 period which was as a result of two mergers.



**Growth in Membership**  
At December 31, 2019, our member growth figures reflected a growth of 5,524 members; moving from 122,458 at December 31, 2018 to 127,712.

In comparison to the significant jump in membership in 2018 as a result of mergers, the 2019 figures represent organic growth and is an outcome of our continued focus on building member strength and value.

**Growth in Loans to Members**  
Growth in loans to members was \$1.99 Billion or 18.65% over the one year period. The Credit Union continues to tailor products and services to cater to the needs of our members, irrespective of the communities or industries within which they are located. The chart below shows the growth in loans over the five year period to December 2019.



**Growth in Savings**  
Savings grew by \$863.8 Million or 6.9% for the period 2019. This was a result of pure organic growth and is being reviewed with the objective of stimulating greater participation and results from our members going forward.

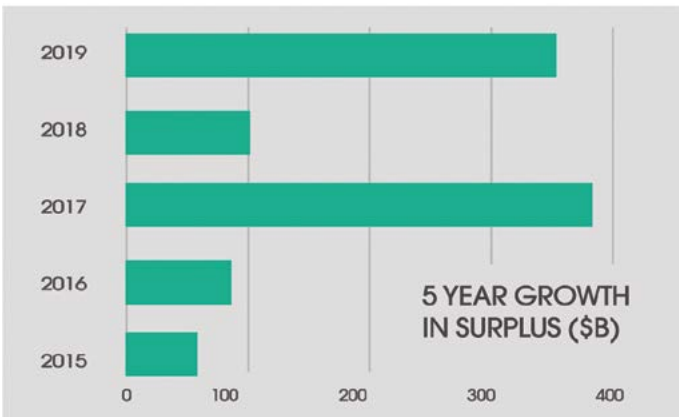




# THE MANAGEMENT REPORT Continued

## Net Surplus

The Credit Union realised net surplus of \$347.7 Million for the year 2019. This was significantly above the \$102 Million which was realised for the year 2018 representing an increase of over 230%.



## Capital

As one of our strategic imperatives the Credit Union continued to increase its capital base to ensure that the members' savings are protected by as large a buffer as possible. This year the Credit Union transferred \$314 Million from surplus to the Statutory Reserve Fund. This puts the Credit Union in a very strong capital adequacy position at year-end 2019.

During the year the Credit Union complied with the capital requirements under the Draft Bank of Jamaica Regulations as well as the capital requirements under the Jamaica Co-operative Credit Union League. At December 2019 the Credit Union's capital ratio was 16.5% which exceeded the requirements of both standards.

## LOOKING TO THE FUTURE

In the financial year 2020, The CW&JCCUL will look to further consolidating our business processes and to build on our gains from 2019. We have prepared the business framework in which we can gain competitive advantage and grow our member base.

While we advance in technology and adapt our business processes to meet the changing member demographics and needs, undergirding our business model is the tradition of Community and Workers of Jamaica Co-operative Credit Union "MEMBER FOCUS".

As we look towards the future, we routinely engage this tradition to build a future of rich member growth and value added. We are fully focused on our member strategy in a fiercely competitive environment. We resolve to keep our existing members by building our member value proposition, while at the same time creating opportunities to engage new members and also build overall value for them. Our initiatives to be executed for 2020 will include the following:

- New product creation;
- Responding to the feedback from the member satisfaction survey to address them in a targeted way. Through a study of our service access points we will be able to determine how best to distribute our service channels to reduce wait times;
- Our target member value strategy - to assess member demographics and life cycle to determine the specific products that will suit our members at each stage of their lives;
- Increased and routine collaboration with communities and sponsor companies for targeted member growth;
- Focused review and analysis of our technology framework to accommodate a robust member strategy;
- Simultaneously build a human resource strategy that is fully supported through training and development of our people to realise a robust member growth.

## THE COVID-19 PANDEMIC

The Board and management have recognised the heightened risks associated with this pandemic and are closely monitoring the situation while executing strategies aimed at reducing as much as possible the negative impact that this may have on the Credit Union and our stakeholders.

The BOJ's response inter alia indicated the following:

- "The economic outlook, however, is characterised by significant uncertainty relating to the spread of the virus and the consequent depth and duration of the economic impact."
- "If the domestic and external responses to the pandemic have to be sustained for most of next fiscal year, the Jamaican economy will contract significantly."
- "The near term outlook now, however, reflects significant challenges and heightened uncertainty due

# THE MANAGEMENT REPORT Continued

to COVID-19. Our monetary policy measures, along with the Government's fiscal stimulus, are aimed at mitigating the impact of this pandemic on the economy and supporting a speedy recovery once the crisis has passed."

On behalf of the staff and Management of CWJCCUL, I wish to thank the Directors and Committee Members for their support given to the effort of the staff.

Finally, I wish to thank the members of the Credit Union for the many ways in which they have showed their loyalty and expressed their appreciation for the service provided by the staff.

Carlton Barclay, MBA; FCA; FCCA  
Chief Executive Officer





**Andrea Mumby**  
St. Ann's Bay  
Senior Regional Manager



**Karice Bennett**  
Savanna-la-Mar  
Regional Manager



**Kim McKoy**  
Marescaux  
Regional Manager



**Dahlia Royal**  
May Pen  
Regional Manager



**Sandra Ebanks**  
Santa Cruz  
Regional Manager



**Carmen Barrett**  
Lionel Town



**Sarah Farquharson**  
Appleton



**Rosemarie Lee-Weir**  
Kellits



**Janet Poyser**  
Santa Cruz



**Ralna Black**  
East Parade



**Jennolyn Morrison Forbes**  
Montego Bay



**Latoya McKenzie**  
Port Maria



**Tracey-Ann Bright Smith**  
Junction



**Melissa Blake-Robinson**  
Black River



**Kerron Jones**  
Grange Hill



**Christine Miller**  
Head Office



**Rosemarie Thompson**  
D&G



**Candiea Brim**  
Newport West



**Michelle Kelly**  
Mandeville



**Lorean Myrie**  
Negril



**Kesian Wedderburn**  
Whitehouse

## BRANCH MANAGERS





▲ Immediate Past President, Pete Smith, addressing the 2018 AGM. Left of Mr. Smith is Austin Brown, Director, and Carlton Barclay, CEO.



▲ A prayer is said for a successful AGM



▲ Members listen carefully to what is being communicated.



▲ An extremely pleased Carlton Barclay, CEO gives a 'Thumbs Up', making his approval clear to all in attendance.



▲ June Matthews, a member from the audience raises her hand for clarification.

## SIGNING OF C&WJCCUL/RADA MEMORANDUM OF UNDERSTANDING

The Board of Directors of the C&WJCCUL approved an agreement with Red Stripe Foundation to offer financing to cassava farmers who have a contract with Red Stripe to supply cassava. C&WJCCUL will provide funding (Secured and Unsecured) to assist farmers who are members of RADA with their typical expenditure such as drip irrigation, land preparation, machinery, fertiliser and labour. To assist the process, D&G Foundation through IDB MIF project is providing technical support through Extension Officers to ensure the farmers have the knowledge and support throughout the crop cycle.



▲ The Hon. Audley Shaw, CD, MP, Ministry of Industry, Commerce, Agriculture & Fisheries addresses persons in attendance.



▲ Signing of the MOU at C&WJ Head Office on Tuesday June 18, 2019. From left (seated) The Hon. Audley Shaw, CD, MP Ministry of Industry, Commerce, Agriculture & Fisheries; Condell Stephenson, President C&WJCCUL; Peter Thompson, Chief Executive Officer, Rural Agricultural Development Authority (RADA). Looking on are: Carlton Barclay, CEO C&WJCCUL; Nigel Myrie, Board Chairman, RADA; Andrea Mumby, Snr. Regional Manager, C&WJCCUL and Paulette Howell, Director, C&WJCCUL.

## C&WJCCUL / RADA



▲ C&WJCCUL promoted its Agricultural "Roots" loan at Denbigh 2019.



END OF YEAR PARTY

Spirits were high at the End of Year party where ‘Glitz & Glamour’ was the theme for the night.



George Nooks entertains the crowd.



Songbird Chelsea Stephens, a 2013 award recipient of C&WJCCUL High School Assistance Programme (HSAP), serenaded the audience.



Staff had a wonderful time taking their photographs in front of the huge picture frame and showing their dance moves.

COMMUNITY OUTREACH



C&WJCCUL and the Rotary Club of St. Andrew North distributed Christmas meals to residents of Cluster H at the Golden Age Home.



Andrea Mumby, Senior Regional Manager, feeds and converses with an indigent man.

DINNER & AWARDS CEREMONY

On Saturday, May 25, 2019, an Awards Dinner was held at the Spanish Court Hotel (St. Andrew) to recognise the retiring members of the C&WJCCUL Board and Volunteers from the Credit and Supervisory Committees for their many years of service to the Credit Union.



At this event Mr. Fitz Gerald Rowe, OD, JP, was honoured. Mr. Rowe served as General Manager of the St. Elizabeth Credit Union (STECCUL), Chairman of the Mid Island Chapter of Credit Unions, Secretary of Jamaica Co-operative Credit Union League (JCCUL), President of National Union of Cooperative Society (NUCS), Chairman of the St. Elizabeth Home Coming Foundation (JP). Mr. Rowe's citation was handed over by Errol Gallimore, Registrar, Department of Friendly and Cooperative Societies.



The combined team of members of C&WJCCUL and the Rotary Club of St. Andrew North, take time out for a photo opportunity.

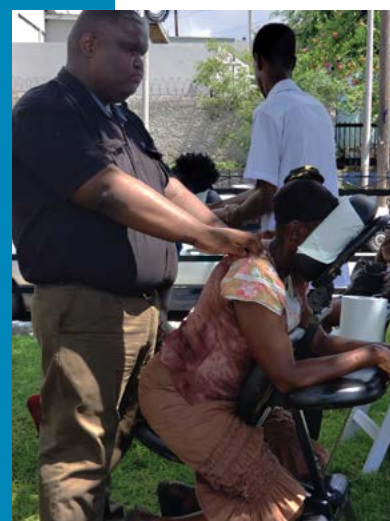






## INTERNATIONAL CREDIT UNION DAY

Thursday, 17th October was recognised as World International Credit Union Day. All our locations celebrated this day by demonstrating our appreciation of our members in several ways. Four of the locations in the Kingston and Metropolitan (KMA) came together and hosted a Health & Wellness Fair.



It was a fully loaded day with free medical, dental and eye checks and participation from the Registrar General's Department (RGD), for birth certificate application, Passport Immigration and Citizenship Agency (PICA) for passport applications, an outside broadcast and various booths and free sampling. Some students from Webster Memorial Basic School were given free dental cleaning and activity kits, compliments of Liguanea Drug & Garden Centre.

## BURSARIES & SCHOLARSHIPS



For over ten (10) years Community and Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) has been awarding bursaries and scholarships to students who have done well in their external examinations such as Common Entrance, GSAT and now PEP and who have expressed great financial need to realise their true potential. The financial assistance through C&WJCCUL High School Assistance Programme (HSAP) has assisted over one hundred students each year. For 2019, 115 students were awarded from within the communities of the Credit Union's 22 branches.

At the Awards Ceremony, held at the Jamaica Pegasus Hotel on Friday, August 16, 2019, these students were given Bursaries valuing \$20,000 each. Two (2) Scholarships valuing \$50,000 each were given to the Top Boy (Jamari Bryan, Clarendon College), and Top Girl (Lorieann Porter, Charlemont High), both from the Kellits community who have done excellently in their PEP Exam.





CHARLEMONT HIGH ▾



High School Assistant Programme (HSAP) Top Girl, Lorieann Porter, accepts a cheque for \$100,000 towards her school's library from President, Condell Stephenson C&WJCCUL (3rd right). Looking on are from Left: Staff and Principal of Charlemont High, Paulette Howell, Director and Chair of the C&WJCCUL Education Committee and Audrey Witter, HR & Admin Officer, C&WJCCUL.



CLARENDON HIGH ▾

High School Assistant Programme (HSAP) Top Boy, Jamari Bryan, looks on as a cheque for \$100,000 towards his school's library is presented to the school's principal by President, Condell Stephenson C&WJCCUL. In attendance from Left: Paulette Howell, Director and Chair of the C&WJCCUL Education Committee, Audrey Witter, HR & Admin Officer, C&WJCCUL and the school's librarian.



UNVEILING OF THE  
DESMOND DUVAL BUILDING  
MARESCAUX BRANCH

On Tuesday, November 12, 2019 C&WJCCUL held the official unveiling of the 'The Desmond Duval' plaque at its Marescaux Road Branch which is on the National Water Commission (NWC) property.

What's behind the name?

Desmond Duval's involvement in the credit union movement started with him operating from out of his car at Marescaux Road building and his belief in the importance of being a member of the credit union.

It was a small, heartfelt event led by Ms. Brenda Reid, C&WJCCUL's HR & Administrative Manager. A prayer was offered up by Ms. Margaret Bennett, Former NWC Credit Committee Secretary; Welcome done by our President, Mr. Condell Stephenson; Unveiling of plaque by C&WJCCUL's CEO, Mr. Carlton Barclay and Mr. Herbert Duval. All who participated during the event and guests were thanked by Ms. Kim McKoy, C&WJCCUL's Regional Manager, Kingston and St. Andrew.





# THE TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

The Treasurer's Report to this the 56th Annual General Meeting of the Society is presented in the pages that follow. The Auditor's Report and Financial Statements are set out on pages 54 to 133 and a summary of these statements is set out in the Treasurer's Report Sheet.

It is with much pleasure that I record that CWJCCUL is reporting a very successful performance for 2019. Our Credit Union achieved organic growth of over \$1.7 Billion (10.85%) in total assets to conclude the financial year at \$17.76 Billion. As confirmed by the Jamaica Co-operative Credit Union League (JCCUL) December 2019 unaudited Financial Performance Report, this performance has placed CWJCCUL as the top ranked Credit Union in terms of assets.

Table 1 - Comparative Financial Results

CWJCCU - KEY FINANCIAL RESULTS FOR				
ITEM	2019	2018	Change	
	(\$'M)	(\$'M)	(\$'M)	%
Assets	17,758	16,020	1,738	10.85%
Net Loans	12,654	10,664	1,989	18.65%
Capital	3,063	2,664	399	14.97%
Savings	13,424	12,560	864	6.88%
Net Income	348	102	245	239.6%

## Revenues

Total revenues recorded significant growth of over 36% during the year to \$2.3 Billion. Interest Income of \$1.77 Billion was \$381.6 Million better than the 2018 results of \$1.39 Billion. This performance was driven mainly by:

- Loans to Members - \$1.63 B
- Interest of Liquid Assets - \$81 M
- Interest of Fin Investments - \$63 M

Other income, including Fees generated a further \$537 Million. After allowance for Interest Expenses on deposits and other financial cost, Gross Income before operating expenses for 2019 was \$1.84 Billion.

## Operating Expenses

The Credit Union incurred operating expenses of \$1.47 Billion which supported several operational initiatives aimed at improving and digitising the service delivery to our members. During 2019 we also incurred expenditure in fully integrating our two mergers (D&G Employees Co-op Credit Union and St. Elizabeth Co-op Credit Union) which were undertaken up to the last quarter in 2018.



Mrs. Ashlyn Malcolm  
Treasurer

# THE TREASURER'S REPORT

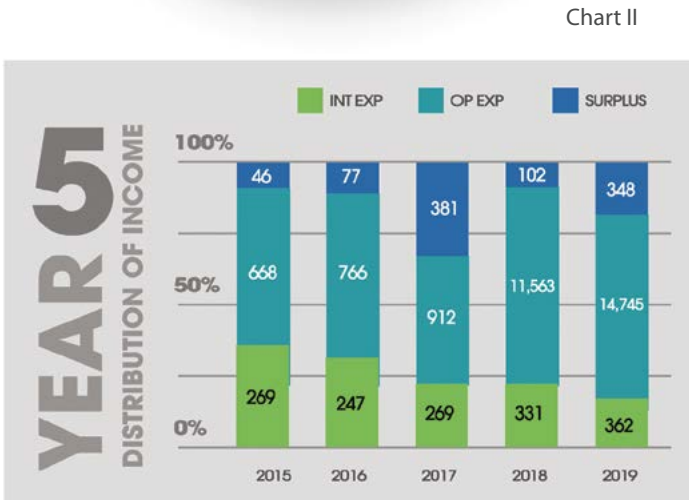
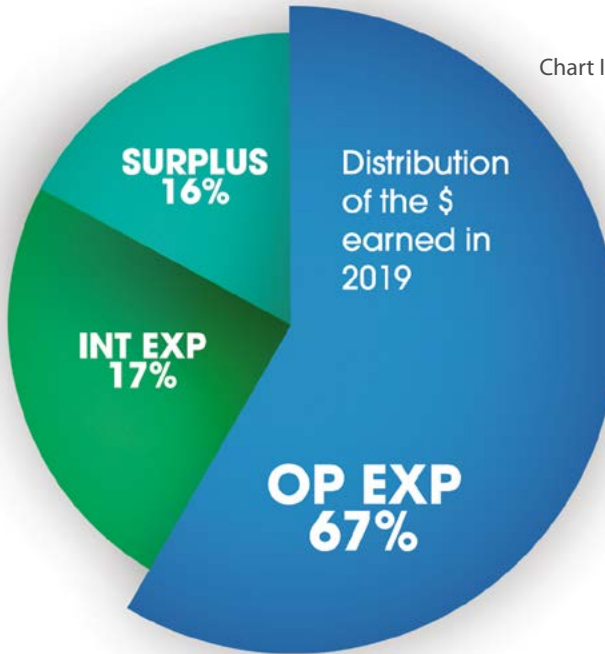
, Continued

## Net Surplus

The Credit Union generated a net surplus of \$347.7 Million. This represents an increase of over 230% above the corresponding period. This is the second highest net surplus generated by the Credit Union since its inception.

This performance is against the backdrop of significant reduction in market interest rates, plus high operating costs. This year the Credit Union is recommending an increase in the dividend distribution to Members to 8% from this surplus.

Chart 1 below outlines how our Income was distributed for 2019.



## PEARLS PERFORMANCE

The Credit Union's financial performance is also measured by the PEARLS system, which is the set of International Standards developed by the World Council of Credit Unions (WOCCU) and adopted by the Credit Union Movement in Jamaica. The standard is administered by the Jamaica Co-operative Credit Union League.

A summary of C&WJCCUL's performance for 2019 against those standards is set out in the table below:

## C&WJCCUL's Financial Performance 2019 vs League's Minimum Prudential Financial Standards

INDICATOR	STANDARD	31-12-19
PROTECTION		
Provision for loan losses	100%	100%
EFFECTIVE FIN. STRUCTURE		
Capital Ratio: Reserves / Total Assets	>= 8%	16.51%
Net Loans / Total Assets	60 - 80 %	71.26%
Savings / Total Assets	70 - 80 %	75.59%
ASSET QUALITY		
Delinquent loans > 30 days / Total Loans	< 5 %	2.99%
Non-Earning Assets / Total Assets	< 7 %	11.18%
RATES OF RETURN & COSTS		
Operating Expenses / Average Assets	<= 8%	8.73%
Net Income / Average Assets	To maintain a capital ratio of 8% or more	2.06%
Return on savings	> Inflation rate (6.2%)	1.59%
LIQUIDITY		
Liquidity Reserve / Savings and deposits	> 10 %	17.61%
SIGNS OF GROWTH		
Membership Growth	> 5 %	4.29%
Asset Growth	> / = 6.2%	10.85%



THE TREASURER'S  
**REPORT**, Continued

The Credit Union's financial performance under the PEARLS Standard is discussed in greater detail below.

**Protection**  
**Provision for loan losses - 100%**

At year end the Credit Union had a loan portfolio of \$12.65 Billion of which loans amounting to \$274.7 Million or 2.99% of the portfolio balance was in arrears for 2 months and over. The PEARLS standard specifies the provision to be set aside for these loans. This provision amounted to \$105.9 Million. At year end the Credit Union was 100% in compliance with this standard as well as the provision required in accordance with the International Financial Reporting Standard (IFRS 9). As per the requirements of the IFRS 9 Standards, the Credit Union has measured the Expected Credit Losses (ECL) for our loans to be \$255.1 Million. In addition the CU had set aside a further \$15.36 Million at year end for loan loss reserves taking into consideration that unforeseen loan losses may occur within the loan portfolio.

**Effective Financial Structure**  
**Reserves / Total Assets - 16.51%**

At year-end C&WJCCUL had Institutional Capital Reserves in excess of \$2.93 Billion, representing a ratio of 16.5%, and surpassing the requirements of both Standards. Under the Draft BOJ Credit Union Regulations, credit unions will be required to have a Capital Reserves Ratio of not less than 6% while under the International Credit Union PEARLS Standard the requirement is at least 8%.

**Net Loans / Total Assets - 71.26%**

The C&WJCCUL achieved loan growth of \$1.99 Billion during the year reporting an increase of 18.65% above the 2018 portfolio balance, and bringing net loans to \$12.65 Billion at year end. This resulted in a net loan to asset ratio of 71.26% at the end of 2019 which was well in line with the requirement of the PEARLS standard of 60% to 80% of total assets.

**Total Savings / Total Assets - 75.59%**

Total savings as a percentage of total assets indicates the extent to which the assets of the Credit Union are being financed by members' savings instead of other externally borrowed funds. The credit union achieved significant savings growth in excess of \$863.8 Million during the year, an increase of 6.9% above the 2018 portfolio balance. At year-end the ratio of savings to

total assets was 75.59% which although compliant with the standard of 70% - 80%, was below 2018. The Credit Union this year has increased its borrowing by \$400M in order to satisfy our members' demand for loans as well as our liquidity requirements.

**Asset Quality**  
**Delinquent loans > 30 Days / Total Loans - 2.99%**

In spite of the adverse economic conditions, the Credit Union was able to manage our delinquency levels within the required PEARLS standard for most of the year (i.e. loans in arrears over 30 days over total loans of not more than 5%). The achievement of a ratio of 2.99% at December 2019 is significant given the movement from the 7.20% level at December 2018.

Our non-performing loans valued at \$227.5 Million at December 2019 was 1.77% of the total loan portfolio which compared favorably to the 2.2% reported for commercial banks based on the Bank of Jamaica Annual Report for 2019. The Credit Union continues to aggressively manage this portfolio to maintain a low level of delinquency.

**Non-Earning Asset/ Total Asset - 11.2%**

This Standard requires our non-earning assets to be no more than 7% of our total assets. At year-end the Credit Union's non-earning assets represented 11.2% of total assets. The ratio is outside of the standard as a result of the previous mergers, which added significant amount of real estate; as well as the fair value exercise which brings significant amount of intangible assets onto the books. This ratio was also temporarily inflated at year end because of a high one day peak in the current account balance at the close of business on December 31, 2019.

**Rates of Return & Costs**  
**Operating Expenses/ Average Assets - 8.73%**

The Standard requires that operating expenses should be at most 8% of average assets. The operating expense ratio for 2019 was 8.73%, which was above the required standard. The ratio was impacted by extra-ordinary expenses relating to IT Costs to upgrade the new core banking system and also other costs associated with building greater efficiency into the system. This continues to be a focus area for management to improve efficiencies and expand delivery channels.

THE TREASURER'S  
**REPORT**, Continued

**Net Income / Average Assets 2.06%**  
The Standard requires that the Credit Union earns enough income to ensure that we have a capital to asset ratio of at least 8%. The Credit Union returned a net income to average asset ratio of 2.06% for the year under review 2019. This compared favorably to our Peer Group average of 1.74% for the similar period.

The surplus earned for 2019 of \$347.7 Million enabled us to transfer \$314 Million to Statutory Reserves, bringing the Institutional Capital to asset ratio to 16.51% which surpassed the PEARLS standard requirement of 8%.

**Return on Savings 1.59%**  
The Standard requires that the return paid on members' savings should be greater than or equal to the rate of inflation which was 6.2% for 2019. C&WJCCUL returned an average of 1.59% p.a. on members' savings. This average was 1.1% for commercial banks at September 2019.

During 2019 the Credit Union paid interest rates on savings of up to 4.5% per annum.

**Liquidity**  
**Liquidity Reserve / Savings and Deposits - 17.61%**  
The Credit Union is required to maintain at least 10% of savings as liquidity reserves, 8% of which is to be held in the Jamaica Co-operative Credit Union League. At the end of 2019, C&WJCCUL was in compliance with this ratio, holding liquid assets of \$2.36 Billion representing 17.61% of savings and deposits.

**Signs of Growth**  
**Membership Growth - 4.29%**  
The requirement of the standard is a growth rate of at least 5% for the one year period. The Credit Union achieved growth in membership of 5,254 members, representing an increase of 4.29% over the previous year.

**Asset Growth - 10.85%**  
The Credit Union recorded an asset growth in excess of \$1.7 Billion bringing total assets to \$17.8 Billion at year end. This represents a growth rate of 10.85% for the period under review, which is well above the requirement of the Standard of 6.2% (inflation rate) growth in assets per annum.

**COVID-19 Pandemic**  
The global and national economies have yet to experience the full impact of the COVID-19 Pandemic.

It has been projected that the world economy will contract significantly. For Jamaica, the near term economic outlook reflects significant challenges and heightened uncertainty.

There is no doubt that our Credit Union can be adversely affected by these challenges. The Board and management have recognised the heightened risks associated with this pandemic and are closely monitoring the situation while executing strategies aimed at reducing as much as possible the potentially negative impact on the Credit Union and our stakeholders.

  
.....  
Treasurer  
Ashlyn Malcolm



Appropriation of 2019 Surplus and Fixing of the Maximum Liability

Appropriation of 2019 Surplus

Surplus Available for Distribution

	\$'000
Surplus B/F 2018	17,148
Net Surplus for the Year 2019	347,723
Surplus available for distribution	364,871

Recommendation of the Board of Directors

The Board of Directors of the Credit Union is making the following recommendation to the meeting with respect to the appropriation of the 2019 surplus

	\$'000
Surplus available for distribution	364,871
Statutory Reserves	(314,172)
Share Transfer Fund	(10,000)
Dividend on Members Qualification Shares 8%	(21,699)
Honoraria	(9,000)
Education Reserve	(5,000)
Disaster & Social Outreach	(5,000)

The Fixing of the Maximum Liability for Loans

In keeping with rule 74, it is proposed that the Maximum Liability for Loans that the Board of Directors may borrow is to be set at 16 times the Credit Union's Capital and Reserve Fund.

For and on Behalf of the Board of Directors

  
Ashlyn Malcolm  
TREASURER

Let Us Look At The Money We Have

	2019 \$'000	2018 \$'000	Increase (Decrease)	%
As a group of persons, we have accumulated savings over the past 55 years. This money is shown as:-				
(1) Share Capital	5,159,294	4,455,826	703,468	16%
(11) Deposits	9,436,544	9,228,996	207,548	2%
From the income earned over the years we have paid dividends, but we have also kept back some of these earnings partly because our Rules do not permit us to give it back as dividends and partly out of prudence. The amount held is	1,760,360	1,444,571	315,789	22%
We also have Undistributed Net Income and Other Reserves. This amount is	130,397	94,504	35,893	38%
We owed: interest earned by our members but not yet paid to them, the Sponsor Company (Flow), and to other Lenders. The amount owed is	1,271,139	796,043	475,096	60%
The total Amount Available to the Society was	17,757,734	16,019,940	1,737,794	11%

Let Us See How This Money Was Being Used

We spent money in paying for the land, buildings, equipment, furniture and motorcars we own. The land and building increased in value to the amount shown. Guided by certain accounting principles we have already written off a portion of these amounts, so we are left with the amounts shown in the balance sheet as fixed assets. This amount is	752,912	807,953	-55,041	-7%
In accordance with our Rules and also out of prudence, we have invested some money in the League, Government of Jamaica -Bonds and other safe Institutions. The amount invested is	3,481,482	3,842,094	-360,612	-9%
Some of the money we have, have been used in re-lending to ourselves. This amount is	12,653,759	10,664,425	1,989,334	19%
We have sums tied up in things like interest earned by us on our investments but not yet received; interest owed to us by our members; money collected and not yet banked; cash at our branch offices to pay members' withdrawals.	869,581	705,468	164,113	23%
And so the total funds available, used in the manner set out above , amounted to	17,757,734	16,019,940	1,737,794	11%





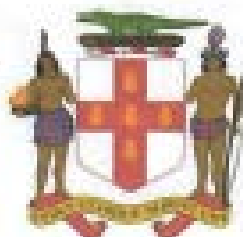
# AUDITORS' REPORT & FINANCIAL STATEMENTS

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED  
DECEMBER 31, 2019

- 54. LETTER FROM REGISTRAR OF CO-OPERATIVE AND FRIENDLY SOCIETIES
- 55. REPORT OF THE INDEPENDENT AUDITORS TO THE REGISTRAR OF CO-OPERATIVE AND FRIENDLY SOCIETIES
- 59. STATEMENT OF FINANCIAL POSITION
- 60. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 61. STATEMENT OF CHANGES IN EQUITY
- 63. STATEMENT OF CASH FLOWS
- 64. NOTES TO THE FINANCIAL STATEMENTS

**INTEGRITY**  
**FINANCIAL**  
**PRUDENCE**





## DEPARTMENT OF CO-OPERATIVES &amp; FRIENDLY SOCIETIES

## CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Commerce, Agriculture and Fisheries

2 Masgrave Avenue, Kingston 10

Jamaica, W.I.

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

E-mail: [dcfs@cwjamaica.com](mailto:dcfs@cwjamaica.com)Website: [www.dcf.gov.jm](http://www.dcf.gov.jm)

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



KPMG  
Chartered Accountants  
P.O. Box 76  
6 Duke Street  
Kingston  
Jamaica, W.I.  
+1 (876) 922 6640  
[firmmail@kpmg.com.jm](mailto:firmmail@kpmg.com.jm)

SI  
R260/- 605/4/20

April 3, 2020

The Secretary  
Community and Workers of Jamaica Co-operative  
Credit Union Limited  
51 Half Way Tree Road  
Kingston 10

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2019.

The Annual General Meeting must be held after June 1, 2020 and convened under Regulation 19 and 21 of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

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

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

Yours truly,

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

## INDEPENDENT AUDITORS' REPORT

To the Registrar of Co-operative Societies  
COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)  
(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 Community & Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) ("the Co-operative"), set out on pages 5 to 79, which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, 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 December 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Co-operative in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## HOPE GARDENS

Hope Gardens, Kingston 6  
(876) 977-2177 / 927-1948  
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## MANDEVILLE, MANCHESTER

23 Caledonia Road  
(RAD4 Bldg.)  
(876) 613-7602

## MONTEGO BAY, ST. JAMES

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

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa  
Cynthia L. Lawrence  
Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers

Nyssa A. Johnson  
W. Gihan C. de Mel  
Wilbert A. Spence  
Rochelle N. Stephenson  
Sandra A. Edwards





## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Registrar of Co-operative Societies  
 COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
 CREDIT UNION LIMITED (C&WJCCUL)  
 (A Society Registered Under the Co-operative Societies Act)

**Report on the Audit of the Financial Statements (Continued)***Responsibilities of Management and Those Charged with Governance 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.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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.



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Registrar of Co-operative Societies  
 COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
 CREDIT UNION LIMITED (C&WJCCUL)  
 (A Society Registered Under the Co-operative Societies Act)

**Report on the Audit of the Financial Statements (Continued)***Auditors' Responsibilities for the Audit of the Financial Statements (Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.





## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Registrar of Co-operative Societies  
COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)  
(A Society Registered Under the Co-operative Societies Act)

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

In our opinion, proper accounting records have been maintained, and the financial statements, which are in agreement therewith, are correct, duly vouched and in accordance with the provisions of the Co-operatives Societies Act.

Chartered Accountants  
Kingston, Jamaica

April 3, 2020

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)

(A Society Registered Under the Co-operative Societies Act)

Statement of Financial Position  
December 31, 2019

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>EARNING ASSETS</b>			
Loans to members	6	12,653,759	10,664,425
Liquid assets	7	1,932,162	2,120,854
Financial investments	8	1,185,924	1,721,240
Total earning assets		15,771,845	14,506,519
<b>NON-EARNING ASSETS</b>			
Liquid assets	9	245,355	139,661
Other assets	10	146,928	95,643
Pledged assets	11	363,396	-
Property, plant and equipment	12	752,912	807,953
Intangible assets	13	428,387	470,164
Assets held-for-sale	14	32,000	-
Right-of-use assets	15	16,911	-
Total non-earning assets		1,985,889	1,513,421
<b>TOTAL ASSETS</b>		<b>17,757,734</b>	<b>16,019,940</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>INTEREST BEARING LIABILITIES</b>			
Lease liabilities	15	17,145	-
Voluntary shares	16	3,987,005	3,330,730
Deferred shares	17	901,054	864,301
Saving deposits	18	9,436,544	9,228,996
Due to other institutions	19	42,517	47,894
External credits	20	563,963	150,953
Total interest bearing liabilities		14,948,228	13,622,874
<b>NON-INTEREST BEARING LIABILITIES</b>			
Accruals	21	203,272	156,396
Payables	22	206,576	238,380
Others	23	237,666	202,420
Total non-interest bearing liabilities		647,514	597,196
<b>TOTAL LIABILITIES</b>		<b>15,595,742</b>	<b>14,220,070</b>
<b>CAPITAL</b>			
Permanent shares	24	271,235	260,795
Institutional capital	25	1,760,360	1,444,571
		2,031,595	1,705,366
Non-institutional capital	26	130,397	94,504
<b>TOTAL CAPITAL</b>		<b>2,161,992</b>	<b>1,799,870</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>17,757,734</b>	<b>16,019,940</b>

The financial statements on pages 5 to 79 were approved by the Board of Directors on March 28, 2020 and signed on its behalf by:

Ashlyn Malcolm, Treasurer

Condell Stephenson, President

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











COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements  
December 31, 2019

1. Identification

Community and Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) ("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 51 Half Way Tree Road, Kingston 10.

The Co-operative merged its operations with Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GECCUL) on May 1, 2018 and St. Elizabeth Co-operative Credit Union Limited (STECCUL) on September 1, 2018.

On August 1, 2019, C&WJCU Holdings Limited was formed with initial ownership of 100% by Community & Workers of Jamaica Co-operative Credit Union Limited. The principal activity of C&WJCU Holdings Limited is the holding of loan portfolios from non-members of the credit union. The company is incorporated in Jamaica. There were no ordinary shares approved for allocations, or transactions during the year.

Membership in the Co-operative is limited to:

(A) All registered societies and:

- (i) Employees and ex-employees of Cable and Wireless and its successor and predecessor companies.
- (ii) Any person engaged in the provision of telecommunication services in Jamaica including regulators and contractors or sub-contractors of Cable & Wireless Jamaica Limited or its successor and predecessor companies.
- (iii) Employees and ex-employees of corporate subscribers to telecommunication service in Jamaica.
- (iv) Persons living and working in the parish of Clarendon.
- (v) Persons working in Marine and Allied Industries in Jamaica.
- (vi) Employees of member.
- (vii) Minors, whether or not they are wards or children or grandchildren of members.
- (viii) Persons working, living or who were born in the parish of Westmoreland.
- (ix) Relatives and spouses of members. Relatives are specified as father, mother, son, daughter, grandchildren, brother, sister, aunt, uncle, niece and nephew.

(B) Members and persons eligible to be members of the credit unions that merged with this society [Marine and Allied Industries Co-operative Credit Union, Clarendon Co-operative Credit Union, Westmoreland Co-operative Credit Union, ICD & Associates Co-operative Credit Union, National Water commission Co-operative Credit Union, Desnoes and Geddes Employees Co-operative Credit Union Limited, St. Elizabeth Co-operative Credit Union Limited (STECCUL)].

PROVIDED THAT any person admitted to membership has attained the age of sixteen (16) years.

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)  
December 31, 2019

1. Identification (continued)

The Co-operative's main activities are:

- (i) The promotion of thrift;
- (ii) The provision of loans to members exclusively for provident and productive purposes; and
- (iii) To receive the saving of its members either as payments on share or as deposits.

The Co-operative Societies Act requires amongst other provisions, that at least 20% of the net surplus of the Co-operative be transferred to a statutory reserve fund.

The Co-operative is exempt from Income Tax under section 59(1) of the Co-operative Societies Act and section 12 of the Income Tax Act.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This is the first set of the Co-operative's financial statements in which IFRS 16, *Leases* have been applied. Changes to significant accounting policies are described in note 3.

(b) Basis of measurement:

(i) Basis of preparation

The financial statements have been prepared on the historical cost, except for the certain investments which are measured at fair value.

(ii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Co-operative's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(iii) Functional and presentation currency

These financial statements are presented in Jamaica dollars, which is the functional currency of the Co-operative are expressed in thousands of dollars unless otherwise stated.



3. Changes in significant accounting policies

The Co-operative initially applied IFRS 16 *Leases* from January 1, 2019. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the Co-operative's financial statements.

The Co-operative applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the statement of financial position at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17, *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Co-operative determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Co-operative now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(o).

On transition to IFRS 16, the Co-operative elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Co-operative applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(b) As a lessee

As a lessee, the Co-operative leases properties. The Co-operative previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the group. Under IFRS 16, the Co-operative recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

*Leases classified as operating leases under IAS 17*

The Co-operative used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Co-operative:

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

3. Changes in significant accounting policies (continued)

(c) As a lessor

The Co-operative leases out certain property. These were classified as operating leases.

The Co-operative is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

(d) Impact on transition

On transition to IFRS 16, the Co-operative recognised right-of-use assets and lease liabilities. The impact on transition is summarised below.

	\$'000
Right-of-use assets – property	<u>20,613</u>
Lease liabilities	<u>20,613</u>
When measuring lease liabilities for leases that were classified as operating leases, the Co-operative discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted- average rate applied is 7%.	
	\$'000
Operating lease commitments at December 31, 2018 as per IAS 17	<u>15,740</u>
Discounted using the incremental borrowing rate at January 1, 2019	14,710
Extension options reasonably certain to be exercised	<u>5,903</u>
Lease liabilities recognised at January 1, 2019	<u>20,613</u>

4. Significant accounting policies

Except for the changes described in note 3, the Co-operative has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Financial instruments – Classification, recognition, derecognition and measurement

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

- Financial assets comprise loans to members, liquid assets, financial investments and other assets.
- Financial liabilities comprise lease liabilities, voluntary shares, deferred shares, saving deposits, amounts due to other institution and external credit.



COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)  
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)  
December 31, 2019

4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

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.

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

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

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(ii) Classification and subsequent remeasurement

The Co-operative has applied IFRS 9 and classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)  
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)  
December 31, 2019

4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent remeasurement (continued)

**Financial assets**

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- the Co-operative's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Co-operative classifies its debt instruments into one of the following three measurement categories:

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



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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent re-measurement (continued)

**Financial assets (continued)**

The classification requirements for debt and equity instruments are described below (continued):

(a) Debt instruments (continued)

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

Factors considered by the Co-operative in determining the business model for a class of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

*Solely payments of principal and interest (SPPI):* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Co-operative assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Co-operative considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent re-measurement (continued)

**Financial assets (continued)**

The classification requirements for debt and equity instruments are described below (continued):

(a) Debt instruments (continued)

The Co-operative reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Co-operative subsequently measures all equity investments at fair value through profit or loss, except where the Co-operative's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The election is made on an investment-by-investment basis.

Gains and losses on equity investments at FVTPL are included in the 'Non-interest income' caption in the statement of profit or loss.

**Financial liabilities**

Financial liabilities are classified as subsequently measured at amortised cost.

(iii) Derecognition

The Co-operative derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Co-operative neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in surplus or deficit.



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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iii) Derecognition (continued)

Any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in surplus or deficit on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Co-operative is recognised as a separate asset or liability.

The Co-operative derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Measurement and gains and losses

The 'liquid assets and financial investments' captions in the statement of financial position includes:

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in surplus or deficit;
- equity investment securities designated as at FVOCI.

The Co-operative elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to surplus or deficit and no impairment is recognised in surplus or deficit. Dividends are recognised in surplus or deficit unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(v) Specific financial instruments

(1) Liquid assets:

Liquid earning assets comprise investments maturing within nine (9) months from the date of the statement of financial position. Liquid non-earning assets comprise cash on hand and current accounts held at banks. Liquid assets are classified and measured at amortised cost.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Specific financial instruments (continued)

(2) Securities purchased under resale agreement (“reverse repurchase agreements”):

Securities purchased under resale agreement 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 repurchase agreements are accounted for as short-term collateralised lending and are classified and measured at amortised cost.

The Co-operative enters into reverse repurchase agreements to resell substantially identical investments at a certain date in the future at a fixed price. The amounts paid are recognised as “reverse repurchase agreements” and are collateralised by the underlying securities.

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

(3) Other non-earning assets:

Other assets comprise receivables and are classified and measured at amortised cost less impairment losses.

(4) Cash and cash equivalents:

Cash and cash equivalents are classified and measured at amortised cost includes cash and bank balances as well as liquid financial assets with original maturities of less than three (3) months, which are subject to insignificant risk of changes in their fair value, and are held for the purpose of meeting short-term cash commitments, rather than for investment for other purposes.

(5) Pledged assets

Securities sold under agreements to repurchase the assets at a fixed price on a future date are treated as collateralised financing transactions and are measured at amortised cost. The underlying collateral is not derecognised from the Co-operative's statement of financial position but is segregated as pledged assets.



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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Specific financial instruments (continued)

(6) Non-interest bearing liabilities

Non-interest bearing liabilities, including provisions are classified and measured at amortised cost:

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.

(7) Deferred shares:

Deferred shares are considered as capital for regulatory purposes but are recognised in the financial statements as liabilities as they are withdrawable after a fixed period. These are initially measured at fair value and are subsequently measured at amortised cost. Interest expense incurred thereon is recognised in surplus or deficit on the accrual basis using the effective interest method.

(8) External credit:

External credit is 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.

(vii) Impairment

The Co-operative recognises loss allowances for expected credit losses (ECL) on financial assets that are debt instruments and that are not measured at FVTPL.

The Co-operative measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Co-operative considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Co-operative does not apply the low credit risk exemption to any other financial instruments.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vii) Impairment (continued)

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

*Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Co-operative expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Co-operative if the commitment is drawn and the cash flows that the Co-operative expects to receive.

*Restructured financial assets*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.



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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vii) Impairment (continued)

*Credit-impaired financial assets*

At each reporting date, the Co-operative assesses whether financial assets carried at amortised costs are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Co-operative on terms that the Co-operative would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Co-operative considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vii) Impairment (continued)

*Presentation of allowance for ECL in the statement of financial position*

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in surplus or deficit as a reclassification from OCI.

*Write-off*

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Co-operative determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Co-operative's procedures for recovery of amounts due.

*Regulatory provision*

Regulatory provisions are established for loans to members as a result of a review of the carrying value of loans in arrears and are derived based on the requirements stipulated by the Jamaica Co-operative Credit Union League Limited ("JCCUL") provisioning policy of making a full provision for loans in arrears over twelve (12) months. General provisions ranging from 10% to 60% are established in respect of loans in arrears for two (2) to twelve (12) months.

Regulatory provision that exceeds the IFRS provision are dealt with in a non-distributable loan loss as an appropriation of undistributable surplus.



4. Significant accounting policies (continued)

(b) Employee benefits:

Employee benefits are all forms of consideration given by the Co-operative in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Short-term employee benefits are charged as expense. The expected cost of vacation leave that accumulates is recognised over the period that the employee becomes entitled to the leave.

The Co-operative participate in a defined contribution pension plan. Obligations for contribution to defined contribution plans are expensed to surplus or deficit as the related service is provided.

(c) Property, plant and equipment:

(i) Measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see note 4(n)]. 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 recognised 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 recognised in surplus or deficit.

(iii) Depreciation

Depreciation is calculated on the reducing balance basis, except for motor vehicles and computer equipment which are depreciated on the straight-line basis, calculated at rates estimated to write off the relevant assets to their residual values over their expected useful lives. Land is not depreciated.

The annual rates are as follows:

Buildings	2%
Leaschold improvements	10%
Motor vehicles	20%
Computer equipment	20%
Equipment, furniture & fixtures	10%
Air conditioning unit	10%
Carpets and drapery	20%
Stand by plant	5%
Right-of-use assets	2%-33%

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

4. Significant accounting policies (continued)

(d) Institutional capital:

Institutional capital includes retained earnings, business combination 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.

(e) Statutory reserves:

The statutory and legal reserves are maintained in accordance with the provisions of the Co-operative Societies Act which requires that a minimum of 20% of net 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%.

(f) Members' shares:

(i) Permanent shares

Voluntary (ordinary) shares in the Co-operative are not regarded as share capital but are treated as savings deposits. The Co-operative has therefore established permanent shares in order to strengthen its capital base. Special bye-laws were passed by the Board of Directors on 24th May 2008, in accordance with the Co-operative Societies Act. All new applicants for membership and existing members of the Co-operative are required to subscribe to a minimum of 1,000 permanent shares. These shares are issued at a par value of \$2 each and are referred to as membership qualification permanent shares.

Monies paid for permanent shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Co-operative or any other Co-operative as borrower, endorser, co-maker or guarantor.

In accordance with Rule 11, an individual ceasing to be a member of the Co-operative, shall be entitled to a refund of any amount held as permanent shares Rule 17 makes provision for permanent shares and deferred to be redeemable only upon transfer to another member. In facilitation of this rule, the Co-operative has established a share transfer fund which should represent up to a maximum of fifteen percent (15%) of the value of the outstanding permanent shares to facilitate the transfer or redemption of permanent shares and deferred shares. This is funded from appropriation of surplus and will not form part of the Co-operative's institutional capital (note 25).

(ii) Voluntary shares

Members' voluntary shares represent deposit holdings of the Co-operative's members, 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.



4. Significant accounting policies (continued)

(f) Interest income and expense

(i) Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets; or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets. The company 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 estimate 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 or issue of a financial asset or financial liability.

(ii) Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability 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 and, for financial assets, 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 allowance.

(iii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. 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 a gross basis, even if the credit risk of the asset improves.

4. Significant accounting policies (continued)

(g) Interest income and expense (continued)

(iv) Presentation

Interest income calculated using the effective interest method presented in the income statement includes interest on financial assets measured at amortised cost and interest on debt instruments measured at FVOCI; interest expense presented in the income statement includes financial liabilities measured at amortised cost and interest expense on lease liabilities.

(h) Fees and commission

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Co-operative recognises revenue when it transfers control over a service to a customer.

Fee and commission income including account service fees are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Co-operative's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Co-operative first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15.
Service fees	Transaction-based fees such as credit bureau fees are charged to the customers' account when the transaction takes place.	Revenue from account services and servicing fees is recognised over time as the services are provided.
	Servicing fees are charged on a monthly basis and are based on fixed rates determined by the Co-operative.	Revenue related to transactions is recognised at the point in time when the transaction takes place.



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4. Significant accounting policies (continued)

(i) Dividends

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

(j) League fees and stabilization dues:

JCCUL has fixed the rate of league fees at 0.20% (2018: 0.20%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2018: 0.15%) of total savings.

(k) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in surplus or deficit.

(l) Basis of combination:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the Co-operative. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Co-operative measures goodwill at the acquisition date as:

- the fair value of the acquiree's equity interest;
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in surplus or deficit.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in surplus or deficit.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Co-operative incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

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4. Significant accounting policies (continued)

(m) Intangible assets:

(i) Customer relationships

Customer relationships are initially measured at fair value and subsequently at cost less accumulated amortisation and impairment losses and are deemed to have a finite useful life. Customer relationships are the estimated economic benefits derived from the incremental revenues and related cash flows as a direct result of relationships in place, versus having to try and replicate them. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of twelve (12) years.

(ii) Trademarks

Trademarks are measured at cost less accumulated amortisation and accumulated impairment losses and are deemed to have a finite useful life. The trademark recognised is fully impaired.

(iii) Core deposits

Core deposits relate to the total cost of maintaining the core deposit base (e.g., interest, servicing costs, fee income, and the opportunity cost of reserve requirements and float) in comparison to the cost of an alternative funding source. These are measured at cost less impairment losses and are deemed to have a finite useful life. Amortisation is calculated using the straight line basis to allocate the cost of the intangible assets over their estimated useful lives of twelve (12) years.

(iv) Goodwill

Goodwill is measured initially at fair value, less any accumulated impairment losses. Goodwill is not amortised but assessed annually for impairment.

(v) Computer software

Computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and impairment losses, if any.

(n) Impairment of non-financial assets

The carrying amounts of the Co-operative's non-financial assets 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. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combinations.



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4. Significant accounting policies (continued)

(n) Impairment of non-financial assets (continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

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.

(ii) Reversals of impairment

An impairment loss is reserved only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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.

(o) Leases

The Co-operative has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

(i) As a lessee

*Policy applicable from January 1, 2019*

At inception of a contract, the Co-operative assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Co-operative uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

At commencement or on modification of a contract that contains a lease component, the Co-operative branch allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Therefore, for leases of property, the Co-operative branch has elected to separate non-lease components and account for these separately.

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4. Significant accounting policies (continued)

(o) Leases (continued)

(i) As a lessee (continued)

*Policy applicable from January 1, 2019 (continued)*

The Co-operative recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Co-operative at the end of the lease term or the cost of the right-of-use asset reflects that the Co-operative will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain Remeasurement, of the lease liability.

The lease liability is initially measured at the present value of the contracted lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Co-operative's incremental borrowing rate. Generally, the Co-operative uses its incremental borrowing rate as the discount rate.

The Co-operative determines its incremental borrowing rate by reference to rates from external services adjusted to reflect the terms of the leasee.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Co-operative is reasonably certain to exercise, lease payments in an optional renewal period if the Co-operative is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Co-operative is reasonably certain not to terminate early.



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4. Significant accounting policies (continued)

(o) Leases (continued)

(i) As a lessee (continued)

*Policy applicable from January 1, 2019 (continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Co-operative's estimate of the amount expected to be payable under a residual value guarantee, if the Co-operative changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Co-operative presents right-of-use assets that do not meet the definition of investment property in lease liabilities in the statement of financial position.

*Policy applicable before January 1, 2019*

Assets held under other leases were classified as operating leases and were not recognised in the statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

(i) As a lessor

When the Co-operative acts as a lessor, it determines at lease inception whether each lease is finance lease or an operating lease.

To classify the lease, the Co-operative makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Co-operative considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Co-operative recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Co-operative as a lessor in the comparative period were not different from IFRS 16.

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4. Significant accounting policies (continued)

(p) Deferred income:

Donations or contributions received for capital or recurring expenditure is recognised in deferred income at amortised cost. An amount equivalent to the depreciation charge on capital assets acquired from the funds is recognised as income in profit or loss. Amounts used for recurring expenses are recognised in profit or loss as the expenses are incurred.

(q) Assets held for sale

Properties on which are foreclosed by the Co-operative is mutually recognised at the carrying amount of the loan. Therefore they are classified as assets held for sale and are recognised at fair value less costs to sell. Subsequent gains and losses on remeasurement are recognised in profit or loss.

(r) New and amended standards and interpretations issued but not yet effective:

At the date of approval of these financial statements, certain new and amended standards and interpretations were in issue but were not effective at the reporting date and had not been early adopted by the Co-operative. The Co-operative has assessed them and determined that the following may be relevant to its operations:

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Co-operative does not expect the amendments to have a significant impact on its 2020 financial statements.



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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 recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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

(i) Critical accounting judgements in applying the Co-operative's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(ii) Key assumptions and other sources of estimation uncertainty

(1) Allowance for impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Management also estimates the likely amount of cashflows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such an estimate. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 35(a)(iv), which also sets out key sensitivities of the ECL to changes in these elements. The use of assumptions make uncertainty inherent in such estimate.

(2) Fair value of investments

Fair value of financial instruments

There are no quoted market prices for certain 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 or from fund managers. 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 as well as those using a valuation method and is classified as level 3. 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 as set out in note 35(f).

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6. Loans to members

	2019 \$'000	2018 \$'000
Balance at beginning of year	10,886,370	8,535,973
Loans arising through business combination (note 36)	-	2,144,819
Loans granted	6,091,305	3,692,688
	16,977,675	14,373,480
Less: repayments and transfers	( 4,141,673)	( 3,487,110)
	12,836,002	10,886,370
Less: Impairment loss allowance	( 255,098)	( 106,895)
Impairment loss allowance arising through business combination	-	( 183,702)
	( 255,098)	( 290,597)
	12,580,904	10,595,773
Loan interest receivable	72,855	68,652
Balance at end of year	12,653,759	10,664,425
	2019 \$'000	2018 \$'000
Loans to members, before impairment loss allowance, comprise:		
Motor vehicle loans	6,050,579	4,849,024
Cash secured loans	1,568,673	1,593,536
Home equity loans	517,636	510,034
Mortgage loans	901,066	954,570
Unsecured loans	3,398,383	2,707,216
Other loans	399,665	271,990
	12,836,002	10,886,370

The aggregate amount of non-performing loans on which interest is not being accrued amounted to \$ 227,473,000 (2019: \$234,331,000). Uncollected interest not accrued in these financial statements on these loans was estimated at \$18,591,000 (2018: \$7,213,000).

The movement in the impairment loss allowance for loans determined under the requirements of IFRS is as follows:

	2019 \$'000	2018 \$'000
Balance at beginning of year	290,597	50,515
Arising through business combination (note 36)	-	183,702
Remeasurement on January 1, 2018 (IFRS 9)	-	88,128
Charge for the year	116,940	80,681
Write-offs	(152,439)	(112,429)
Balance at end of year, being specific provision made	255,098	290,597



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6. Loans to members (continued)

Impairment loss allowance determined under Jamaica Co-operative Credit Union League (JCCUL) regulatory requirements is as follows:

	2019				2018			
	Number of loans in arrears	Loans in arrears \$'000	Rate %	Loan loss provision \$'000	Number of loans in arrears	Loans in arrears \$'000	Rate %	Loan loss provision \$'000
1 month	266	109,023		-	373	417,777	-	-
2 to 3 months	134	47,270	10	4,727	131	128,972	10	12,897
4 to 6 months	324	117,637	30	35,291	180	144,974	30	43,492
7 to 12 months	362	109,836	60	65,901	165	89,358	60	53,615
	<u>1,086</u>	<u>383,766</u>		<u>105,919</u>	<u>849</u>	<u>781,081</u>	-	<u>110,004</u>

Provision for loan losses determined under Jamaica Co-operative Credit Union League (JCCUL) regulatory requirements is as follows:

	2019 \$'000	2018 \$'000
Regulatory loan loss provision	105,919	110,004
General provision	164,542	195,956
IFRS provision	(255,098)	(290,597)
Loan loss reserve [note 26(a)]	<u>15,363</u>	<u>15,363</u>

7. Earning assets – liquid assets

**Financial assets at amortised cost**

	2019 \$'000	2018 \$'000
Balances with JCCUL		
Securities purchased under resale agreements	-	468,764
Savings account balances	11,888	31,994
Securities purchased under resale agreements	127,666	960,585
The Victoria Mutual Building Society deposit	22,632	9,172
Certificates of deposit (maturity less than 9 months)	670,616	57,156
Jamaica Money Market Brokers Limited Save Smart account	<u>24,845</u>	<u>15,423</u>
	857,647	1,543,094
Less impairment loss allowance	( 10,686)	( 14,857)
	<u>846,961</u>	<u>1,528,237</u>

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7. Earning assets – liquid assets (continued)

	2019 \$'000	2018 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Units in unit trust funds:		
Cumax Money Market Funds	<u>1,085,201</u>	<u>592,617</u>
	<u>1,932,162</u>	<u>2,120,854</u>

The fair value of the underlying securities used to collateralise the securities purchased under resale agreements was \$142,247,000 (2018: \$1,497,119,000).

8. Earning assets - financial investments

	2019 \$'000	2018 \$'000
<b>Investment securities at amortised cost</b>		
Government of Jamaica benchmark investment notes	5,959	351,898
Corporate bonds		
National Road Operating and Constructing Company Limited (NROCC) 9.375% FR 2024	-	51,762
Air Jamaica FR 8.125% 2027	-	40,449
138 Student Living Jamaica 10% VR 2026	20,000	20,000
Barita Investment Promissory Notes	-	83,000
West Indies Petroleum Note FR 10%	37,000	50,000
NCB Capital Market Note FR 4.25%	-	80,000
Cornerstone United Holding Limited Note FR 7.25%	-	50,000
JMMB Unsecured FR 5.5% Note	26,484	25,337
Proven Wealth Indexed Note	47,204	43,885
Admiralty VR 2021 Note	4,253	4,253
Deferred shares:		
COK Solidarity Co-operative Credit Union Limited	24,000	24,000
FHC Co-operative Credit Union Limited	20,000	20,000
The Victoria Mutual Building Society	248,000	50,000
Certificates of deposit (maturity date greater than 9 months)	<u>14,138</u>	<u>122,247</u>
	447,038	1,016,831
Less impairment loss allowance	( 2,658)	( 12,122)
	<u>444,380</u>	<u>1,004,709</u>



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8. Earning assets - financial investments (continued)

	<u>2019</u> \$'000	<u>2018</u> \$'000
<b>Investment securities at fair value through other comprehensive income</b>		
Quoted equities	125,263	70,158
Unquoted equities:		
Cable and Wireless Jamaica Limited	580	580
Credit Union Fund Management Company Limited	86,259	84,556
Caribbean Assurance Brokers Limited	13,369	9,756
Quality Network Co-operative Limited ("QNET")	14,784	14,094
Jamaica Co-operatives Insurance Agency Limited	17,050	14,630
Centralized Strategic Services Limited (CSS)	33	33
	<u>257,338</u>	<u>193,807</u>
<b>Investment securities at fair value through profit or loss</b>		
JMMB managed portfolio	430,414	404,044
Jamaica Co-operative Credit Union League Limited [note (a)]	16,061	16,061
Unit in unit trust funds:		
Jamaica Unit Trust	82	66
Barita Investments Limited Money Market Fund	-	40,714
The Victoria Mutual Building Society Fund	5,582	5,379
JMMB Investment Fund	11,575	40,810
Sagicor Investment Funds	15,713	15,650
Scotia Investment Funds	4,779	-
	<u>484,206</u>	<u>522,724</u>
	<u>1,185,924</u>	<u>1,721,240</u>

(a) A minimum of 1,000,000 shares, each with a par value of \$1.00, must be held with the JCCUL for the Co-operative to retain membership status.

9. Non-earning liquid assets

	<u>2019</u> \$'000	<u>2018</u> \$'000
Cash balances	94,987	139,661
Current account balance	<u>150,368</u>	<u>-</u>
	<u>245,355</u>	<u>139,661</u>

10. Other assets

	<u>2019</u> \$'000	<u>2018</u> \$'000
Interest receivable	13,699	19,878
Other receivables	<u>133,229</u>	<u>75,765</u>
	<u>146,928</u>	<u>95,643</u>

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11. Pledged assets

(a) Certain assets are pledged to other financial institutions as collateral under short-term loan agreements with counterparties. All short-term loan facilities mature within twelve months.

	<u>Asset</u>		<u>Related liability</u>	
	<u>2019</u> \$'000	<u>2018</u> \$'000	<u>2019</u> \$'000	<u>2018</u> \$'000
Short-term loan [note 20 (iii)]	<u>366,362</u>	<u>-</u>	<u>376,032</u>	<u>-</u>

(b) Included in pledged assets are the following categories of assets

	<u>2019</u> \$'000	<u>2018</u> \$'000
Investments at amortised cost:		
Government securities	324,123	-
Corporate bonds	<u>42,239</u>	<u>-</u>
	366,362	-
Less impairment loss allowance	<u>( 2,966)</u>	<u>-</u>
	<u>363,396</u>	<u>-</u>



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12. Property, plant and equipment

	Land and buildings \$'000	Motor vehicles \$'000	Equipment, furniture & fixtures \$'000	Computer equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
Cost:							
December 31, 2017	588,998	10,638	134,636	148,622	9,691	10,200	902,785
Additions	2,508	-	10,943	35,254	-	8,878	57,583
Transfer	9,945	-	-	-	-	(9,945)	-
Acquisition through business combination (note 36)	115,081	-	17,456	17,030	-	-	149,567
December 31, 2018	716,532	10,638	163,035	200,906	9,691	9,133	1,109,935
Additions	24,933	-	12,783	14,542	-	20,558	72,816
Disposals/write-offs	(102,796)	(9,188)	(4,309)	-	-	-	(116,293)
December 31, 2019	638,669	1,450	171,509	215,448	9,691	29,691	1,066,458
Depreciation:							
December 31, 2017	49,265	8,296	61,349	116,167	4,123	-	239,200
Acquisition through business combination (note 36)	251	-	16,266	13,330	-	-	29,847
Charge for the year	9,249	1,304	7,212	14,751	419	-	32,935
December 31, 2018	58,765	9,600	84,827	144,248	4,542	-	301,982
Charge for the year	9,870	952	8,276	20,434	380	-	39,912
Eliminated on disposals/write-offs	(5,016)	(9,102)	(10,379)	(3,851)	-	-	(28,348)
December 31, 2019	63,619	1,450	82,724	160,831	4,922	-	313,546
Net book values:							
December 2019	575,050	-	88,785	54,617	4,769	29,691	752,912
December 2018	657,767	1,038	78,208	56,658	5,149	9,133	807,953

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13. Intangible assets

	Trademarks \$'000	Goodwill \$'000	Customer relationships \$'000	Core deposits \$'000	Computer software \$'000	Total \$'000
Cost:						
December 31, 2017	2,430	54,013	63,921	39,654	68,442	228,460
Additions	-	-	-	-	215,799	215,799
Acquisitions through business combination (note 36)	-	36,039	-	99,700	12,707	148,446
December 31, 2018	2,430	90,052	63,921	139,354	296,948	592,705
Additions	-	-	-	-	999	999
December 31, 2019	2,430	90,052	63,921	139,354	297,947	593,704
Amortisation:						
December 31, 2017	2,430	-	23,951	4,679	65,389	96,449
Charge for the year	-	-	5,326	6,370	6,235	17,931
Acquisitions through business combination (note 36)	-	-	-	-	8,161	8,161
December 31, 2018	2,430	-	29,277	11,049	79,785	122,541
Charge for the year	-	-	5,326	11,612	25,838	42,776
December 31, 2019	2,430	-	34,603	22,661	105,623	165,317
Net book values:						
December 2019	-	90,052	29,318	116,693	192,324	428,387
December 2018	-	90,052	34,644	128,305	217,163	470,164

In testing goodwill for impairment, recoverable amounts of entities previously acquired are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of each entities are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are estimated over 5 years, followed by a terminal value calculated based on the discount rates and growth rates in the table below. Key assumptions are set out below:

Entities previously acquired	2019		2018	
	Discount rates	Growth rates	Discount rates	Growth rates
D&GECCUL	20%	3%	-	-
ICDCCU	20%	3%	20%	3%
NWCCU	20%	3%	20%	3%
STECCUL	20%	3%	-	-
WCCU	20%	3%	20%	3%



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14. Assets held-for-sale

The Cooperative acquired real properties through foreclosure on collateral held as securities against loans. Foreclosed properties should be disposed of within one year of acquisition.

15. Leases

(a) Leases as lessee

(i) *Right-of-use assets*

Right-of-use assets related to leased properties that do not meet the definition of investment property.

	<b>Leasehold properties 2019 \$'000</b>
Balance at January 1	20,613
Depreciation charge for the year	<u>(3,702)</u>
Balance at December 31	<u>16,911</u>

(ii) *Lease liabilities*

Undiscounted cashflows of lease liability:

	<b>2019 \$'000</b>
Less than one year	4,506
One to five years	15,600
More than five years	<u>14,610</u>
	<u>34,716</u>
Carrying amount of lease liabilities	<u>17,145</u>
Current	4,802
Non-current	<u>12,343</u>
	<u>17,145</u>

(iii) *Amounts recognised in profit or loss*

	<b>2019 \$'000</b>
<b>Leases under IFRS 16</b>	
Interest on lease liabilities	<u>1,332</u>
	<u>2019 \$'000</u>
<b>Operating leases under IAS 17</b>	
Lease expense	<u>15,740</u>

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15. Leases (continued)

(a) Leases as lessee

(iv) *Amounts recognised in statement of cash flows*

	<b>2019 \$'000</b>
<b>Total cash outflow for leases</b>	<u>4,799</u>

(v) *Extension options*

Some property leases contain extension options exercisable by the Co-operative up to one year before the end of the non-cancellable contract period. Where practicable, the Co-operative seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Co-operative and not by the lessors. The Co-operative assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Co-operative reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(b) As the lessor

Leases relate to property owned by the Co-operative with lease terms of between 2 to 10 years, with options to extend for a further 1 to 5 years. The lessees do not have the option to purchase the property at the expiry of the lease period.

The Co-operative earned property rental income of \$12,318,000 (2018: \$14,203,000) under operating leases. Direct operating expenses arising on the property in the period was \$Nil (2018: Nil).

16. Voluntary shares

	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Balance at beginning of year	3,330,730	2,901,834
Arising through business combination (note 36)	-	304,932
Amount subscribed	3,963,354	3,229,957
Interest capitalised	<u>8,613</u>	<u>12,240</u>
	7,302,697	6,448,963
Withdrawals and transfers	<u>(3,315,692)</u>	<u>(3,118,233)</u>
Balance at end of year	<u>3,987,005</u>	<u>3,330,730</u>

Interest is paid at a rate of 0.25% (2018: 0.25%) per annum.



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17. Deferred shares

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Fixed rate (i)	1,054	1,801
Variable rate (ii)	<u>900,000</u>	<u>862,500</u>
	<u>901,054</u>	<u>864,301</u>

(i) These shares were issued at a par value of \$2 per share. They are not withdrawable for a period of five (5) years and attract interest at 6% to 12% per annum.

(ii) These shares were issued on May 31, 2018 at a par value of \$2 per share. They are not withdrawable for a period of five (5) years and attract interest at 7.35% per annum for the first twelve four (24) months. Thereafter, the rate will be reset annually on June 15<sup>th</sup>, at the average six (6) months treasury bill yield held prior to the commencement of the relevant coupon period, plus two hundred and fifty basis points.

Based on the proposed Bank of Jamaica Credit Union Regulations, deferred shares are treated as institutional capital, and as such are included in the calculation of the capital to asset ratio. They are, however, classified in these financial statements as liabilities in accordance with the requirements of IFRS.

18. Saving deposits

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Salary deposits	123,935	138,849
Ordinary deposits	1,973,473	2,208,531
Golden harvest deposits	280,083	538,602
Golden anchor deposits	806,506	721,978
Special deposit	590,972	401,851
Special fixed deposits	3,049,380	2,959,077
Mortgage deposits	45,284	38,365
Long-term savings deposits	98,086	95,550
Early bird savings	85,950	95,354
Partner savings accounts	164,230	123,647
High yield savings accounts	296,651	284,667
Save as you earn (SAYE)	1,198,540	881,213
Other deposits	429,534	427,973
Solid saver	<u>293,920</u>	<u>313,339</u>
	<u>9,436,544</u>	<u>9,228,996</u>

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19. Due to other institutions

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Jamaica Urban Transit Company (JUTC) revolving loan fund	5,000	5,000
Carib Star Shipping Limited staff fund	1,574	1,574
Restaurant Associates Limited staff fund	-	4,238
Crown Packaging Jamaica Limited staff fund	6,809	6,809
Shipping Association of Jamaica staff fund	3,000	3,000
National Water Commission (NWC) fund	19,822	19,822
JA REACH fund	<u>6,312</u>	<u>7,451</u>
	<u>42,517</u>	<u>47,894</u>

These represent deposits made by corporate entities which are held as security for their members' borrowings. The deposits bear interest at varying rates of interest per annum and have no specific repayment terms.

20. External credit

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
NHT Jump Start loan (i)	134,798	72,325
Sharetec loan (ii)	53,133	78,628
Short-term loans (iii)	<u>376,032</u>	<u>-</u>
	<u>563,963</u>	<u>150,953</u>

(i) This represents advances under the National Housing Trust Jump Start mortgage fund facility which bears interest at rates ranging from 6% to 9% and are repayable over 1 to 5 years. The loans are both secured, and unsecured. The secured loans are secured by all acceptable collateral based on the Co-operative's credit policy. Each qualifying member can access a loan up to \$850,000 at any one time but the total maximum loans which can be on-lent to each qualifying member is \$1,500,000.

(ii) This represents an amount payable to Sharetec for software development cost. The amount is interest free and is payable over thirty six (36) months.

(iii) This represents short-term loan facilities with Moneymasters Limited and Barita Investments Limited which bears interest at rates ranging from 2.80% to 3.50% and are repayable over 1 to 180 days. The loans are collateralised by financial investment securities held (note 11).

21. Accruals

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest payable	72,521	66,926
Accrued vacation	30,285	26,874
Other accruals	<u>100,466</u>	<u>62,596</u>
	<u>203,272</u>	<u>156,396</u>



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22. Payables

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Withholding tax	3,100	3,098
Statutory contributions	33,900	33,898
Pensions contributions payable	2,040	1,810
Standing order payments	119,982	91,205
Sundry credit balances	<u>47,554</u>	<u>108,369</u>
	<u>206,576</u>	<u>238,380</u>

23. Other non-interest bearing liabilities

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Advances - Cable & Wireless Jamaica Limited	58,880	59,879
Standing orders/members holding account	11,436	9,988
Sundry payables	-	13,450
Estate - deceased members	46,315	51,548
Death benefits	11,608	11,608
Deferred income (a)	4,108	10,953
Refundable to former members	7,258	7,254
Unallocated lodgements	37,604	69
Miscellaneous	<u>60,457</u>	<u>37,671</u>
	<u>237,666</u>	<u>202,420</u>

(a) This represents funds received from Jamaica Co-operative Credit Union League Limited Stabilization Fund to assist with the implementation of IFRS 9.

24. Permanent shares

<u>2019</u>	<u>2018</u>
<u>\$'000</u>	<u>\$'000</u>
<u>271,235</u>	<u>260,795</u>

Permanent shares are issued at a par value of \$2 per share. They form part of the permanent capital in the Co-operative and are not withdrawable [note 4(f)(i)].

In a meeting of the Board of Directors held on April 27, 2019 (2018: April 28, 2018) a dividend of \$15,765,000 (2018:\$18,825,000) representing approximately 6% (2018: 10%) of the value of the membership qualification shares was declared.

25. Institutional capital

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Statutory and legal reserve (i)	1,232,189	916,400
General reserve (ii)	12,449	12,449
Business combination reserve (iii)	489,534	489,534
Retained earnings reserve (iv)	<u>26,188</u>	<u>26,188</u>
	<u>1,760,360</u>	<u>1,444,571</u>

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25. Institutional capital (continued)

(i) Statutory and legal reserve

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	916,400	821,825
Transfer for the year 86.10% (2018: 78.87%) of net surplus	314,172	93,250
Entrance fees	<u>1,617</u>	<u>1,325</u>
Balance at end of year	<u>1,232,189</u>	<u>916,400</u>

As required by the Co-operative Societies Act a minimum of twenty (20%) of the annual surplus are transferred to reserves. Amounts collected for entrance fees are also included in this reserve.

(ii) General reserve

This represents accumulated surplus transferred from Marine and Allied Co-operative Credit Union Limited and Clarendon Co-operative Credit Union Limited on their merger with the Co-operative.

(iii) Business combination reserve

This represents the excess of the fair value of net assets acquired and the deemed value for shares issued to members in the business combinations.

(iv) Retained earnings reserve

This represents transfers from surplus which are not available for distribution.

26. Non-institutional capital

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Loan loss reserve (a)	15,363	15,363
Fair value reserve (b)	49,411	21,114
Other non-qualifying reserves (c)/(note 27)	24,924	23,302
Undistributed net surplus	<u>40,699</u>	<u>34,725</u>
	<u>130,397</u>	<u>94,504</u>

(a) Loan loss reserve

This is a non-distributable reserve representing the excess of the provision for loan losses determined by using the JCCUL regulatory requirement as well as any additional general provision as determined by management and the Co-operative's policies over the amount determined under IFRS.



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26. Non-institutional capital (continued)

(b) Fair value reserve

This represents the unrealised surplus or deficit on the revaluation of financial assets at fair value through other comprehensive income.

(c) Other non-qualifying reserves

These represent amounts set aside by the Co-operative to be used for specified purposes determined by the Co-operative or the donors to the specified funds.

27. Other non-qualifying reserves

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Special reserve	10	10
Scholarship fund	3,549	3,818
Disaster and social outreach fund	9,077	7,756
Education reserve	147	147
Development fund	300	300
Share transfer fund [note 4(f)(i)]	8,200	7,535
Leslie Mills Trust fund	<u>3,641</u>	<u>3,736</u>
	<u>24,924</u>	<u>23,302</u>

28. Other financial costs

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Life savings and loan protection insurance	45,643	32,164
Interest cost on leases	1,332	-
Golden harvest insurance	-	4,534
Bonding insurance	1,511	6,059
Bank charges	27,164	18,118
ABM fees	8,912	15,029
Other financial cost	<u>21</u>	<u>1,277</u>
	<u>84,583</u>	<u>77,181</u>

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29. Other non-interest income

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Commission on bill collections & remittance services	10,644	6,978
Gains on foreign exchange	6,327	12,600
Realised gains on investments	21,310	-
Family Indemnity Plan commission	9,645	9,601
Dividends on equity investments	4,000	2,480
Gain on sale of property, plant and equipment	21,653	-
Miscellaneous	12,748	10,833
Fair value on assets held for sale	32,000	-
Bad debt recovered	<u>80,124</u>	<u>52,405</u>
	<u>198,451</u>	<u>94,897</u>

30. Operating expenses

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Personnel expenses</b>		
Employee salaries and allowances	621,540	517,468
Employee benefits	111,954	91,613
Pension contribution	12	1,481
Education & training	20,709	6,550
Staff travel & related expenses	<u>13,097</u>	<u>3,093</u>
	<u>767,312</u>	<u>620,205</u>
<b>Administrative expenses</b>		
Merger expense	9,230	10,212
Data conversion fees	26,169	-
Utilities	57,529	54,393
Depreciation- property, plant and equipment	39,912	32,935
Depreciation-right-of-use of asset	3,702	-
Audit fees	9,000	16,429
Professional fees	66,809	29,256
Repairs & maintenance (office)	21,354	22,113
Janitorial & security	77,972	57,930
Vehicle expenses	1,649	1,952
Telecommunications	46,162	34,506
Printing, stationery & supplies	15,956	14,202
Data processing	73,061	52,056
Insurance premiums	8,469	7,545
Amortisation of intangible assets	42,766	17,931
Subscriptions & other administrative expenses	<u>51,148</u>	<u>35,474</u>
	<u>550,888</u>	<u>386,934</u>



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30. Operating expenses (continued)

	<u>2019</u> \$'000	<u>2018</u> \$'000
<b>Marketing and promotion:</b>		
Publicity & promotion	<u>49,549</u>	<u>62,405</u>
<b>Representation &amp; affiliation</b>		
League and other dues	43,395	34,688
Seminars and meetings	23,841	15,666
Committees	29,714	24,015
Annual general meeting	<u>9,823</u>	<u>12,379</u>
	<u>106,773</u>	<u>86,748</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,474,522</u>	<u>1,156,292</u>

31. Comparison of ledger balances

	<u>Voluntary shares</u> \$'000	<u>Savings deposits</u> \$'000	<u>Loans</u> \$'000
December 31, 2019:			
General ledger	3,987,005	9,436,544	12,836,002
Personal ledger	<u>3,987,005</u>	<u>9,436,544</u>	<u>12,836,002</u>
Difference	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2018:			
General ledger	3,330,730	9,228,996	10,886,370
Personal ledger	<u>3,330,818</u>	<u>9,226,481</u>	<u>10,886,369</u>
Difference	<u>88</u>	<u>2,515</u>	<u>1</u>

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32. Related party balances and transactions

Related parties include directors and senior executives all of whom are referred to as key management personnel as well as entities closely connected to them. The Co-operative entered into the following transactions with related parties:

	<u>2019</u> \$'000	<u>2018</u> \$'000
(a) <u>Loan balances (including interest)</u>		
Board and committee members	47,044	60,786
Other key management personnel	<u>126,860</u>	<u>75,421</u>
	<u>2019</u> \$'000	<u>2018</u> \$'000
(b) <u>Deposits (including interest)</u>		
Board and committee members	54,258	35,809
Other key management personnel	<u>16,069</u>	<u>8,017</u>

No waivers were granted in respect of these loans. At December 31, 2019, all loans owing by directors, committee members and staff were being repaid in accordance with their loan agreements.

(c) Compensation of key management personnel:

The remuneration of key members of management during the year was as follow:

	<u>2019</u> \$'000	<u>2018</u> \$'000
Salaries and other short-term benefits	<u>51,793</u>	<u>56,148</u>

33. Life savings and loan protection insurance

There were life savings and loan protection insurance in force during the year.

34. Fidelity insurance

Fidelity insurance coverage was adequately maintained during the year.



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35. Financial risk management

By its nature, the Co-operative's activities are principally related to the use of financial instruments, which involves analysis, evaluation and management of some degree of risk or combination of risks. The Co-operative manages risk through a framework of risk principles, organisational structures and risk management and monitoring processes that are closely aligned with the activities of the Co-operative. 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 by means of regularly generated reports. The Co-operative's aim is therefore to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Co-operative's financial performance.

The Co-operative has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors is ultimately responsible for the establishment and oversight of the Co-operative's risk management framework. The Board has established committees for managing and monitoring risks.

Three key committees for managing and monitoring risks are:

*Asset and Liability Management Committee (ALCO)*

The ALCO is responsible for managing the Co-operative's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risk of the Co-operative.

Risk management policies and systems are reviewed regularly by the Asset and Liability Management Committee (ALCO) and recommendations made to the Board of Directors to reflect changes in market conditions, products and services. The ALCO reports monthly to the Board on their activities.

*Supervisory Committee*

The Supervisory Committee is responsible for monitoring compliance with the Co-operative's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Co-operative. The Supervisory Committee is assisted in these functions by the Internal Audit function which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Board.

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35. Financial risk management (continued)

Three key committees for managing and monitoring risks are (continued):

*Credit Committee*

The Credit Committee oversees the approval of credit facilities and disbursement to members. It is also primarily responsible for monitoring the quality of the loan portfolio.

(a) Credit risk:

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This risk arises primarily from the Co-operative's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of financial instruments not reflected in the statement of financial position such as loan commitments and guarantees. These expose the Co-operative to similar risks as loans and are managed in the same manner. The carrying amount of financial assets represents the maximum credit exposure.

(i) Loans to members and guarantees

The Board of Directors is responsible for formulating the credit policies, establishing the authorisation structure for the approval of credit facilities, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk ratings. The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee.

The Credit Committee has oversight responsibility for the Co-operative's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Co-operative's credit review process. The Credit Committee reports to the Board on a monthly basis.

The Board of Directors is responsible for formulating the credit policies, establishing the authorisation structure for the approval of credit facilities, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk ratings. The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee.

The Credit Committee has oversight responsibility for the Co-operative's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Co-operative's credit review process. The Credit Committee reports to the Board on a monthly basis.



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35. Financial risk management (continued)

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

*Credit Review Process*

The documented procedures established loan policy and loan interest rates that manage risk and provide the best possible rate based on the member's credit worthiness at the time of the loan; protects saver interests by managing risk; provides competitive interest rates and prompt service to borrowers; complies with all applicable laws and regulations.

Risk based lending which was implemented by the Co-operative provides different rates for different borrowers based on their financial circumstances and credit history. Members applying for loans are evaluated against a pre-determined set of factors in determining and assigning their appropriate risk category.

Risk categories range between "A" to "D", with "A" being the lowest risk and "D" being the highest risk. This assigned risk category forms the basis of the loan approval and interest rate decision. Regular monitoring and review are undertaken by Internal Audit and the Credit Committee, the results of which are reported to the Board on a monthly basis.

*Collateral*

The Co-operative holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Co-operative and guarantees. Estimates of fair values are based on the values of collateral assessed at the time of borrowing and are generally not updated until a loan is individually assessed as impaired.

Collateral is not generally held against deposits and investment securities, except when securities are held as part of reverse repurchase agreements. An estimate of the fair values of collateral held against financial assets is not readily available.

*Loans with renegotiated terms*

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Co-operative has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

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35. Financial risk management continued)

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

*Write-off policy*

The Co-operative writes off loans and any related allowances for impairment losses when it is determined that the loans are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Additionally, loans are written off once they are delinquent for 365 days or more based on regulatory requirements.

(ii) Liquid assets and investment securities

The Co-operative limits its exposure to credit risk by investing mainly in liquid assets. These investments and other liquid assets are held only with counterparties that have high credit quality and Government of Jamaica securities. The management therefore does not expect any counterparty to fail to meet its obligations. The strength of these institutions is constantly reviewed by the ALCO Committee.

There has been no change to the Co-operative's exposure to credit risk or the manner in which it manages and measures the risk.

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

The following table sets out information about the maximum exposure to credit risk and the credit quality of financial assets measured at amortised cost, FVOCI debt instruments fair value through other comprehensive income (FVOCI) and for value through profit or loss (FVPTL). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.



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35. Financial risk management continued

(a) Credit risk (continued):

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

Loans receivable at amortised cost:

	2019			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Credit grade</b>				
Grade A – Low risk	12,221,216	-	51,507	12,272,723
Grade B – risk	178,058	146,152	8,558	332,768
Grade C	-	-	1,637	1,637
Grade D – High risk	-	4,635	224,239	228,874
	12,399,274	150,787	285,941	12,836,002
Loss allowance [note 35(a)(iv)(d)]	( 73,246)	( 4,136)	(177,716)	( 255,098)
	<u>12,326,028</u>	<u>146,651</u>	<u>108,225</u>	<u>12,580,904</u>
	2018			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Credit grade</b>				
Grade A – Low risk	5,079,905	-	-	5,079,905
Grade B – risk	4,032,159	-	-	4,032,159
Grade C	998,659	36,940	-	1,035,599
Grade D – High risk	62,052	448,628	228,027	738,707
	10,172,775	485,568	228,027	10,866,370
Loss allowance [note 35(a)(iv)(d)]	( 113,816)	( 35,171)	(141,610)	( 290,597)
	<u>10,058,959</u>	<u>450,397</u>	<u>86,417</u>	<u>10,595,773</u>

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35. Financial risk management continued

(a) Credit risk (continued):

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

Loans receivable at amortised cost (continued):

The following table sets out information about the overdue status of loans in stage 1, 2 and 3.

	2019			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Neither past due or impaired	9,810,848	-	-	9,810,848
Past due but not impaired:				
1 month	211,549	6,166	868	218,583
2 to 3 months	-	909	869	1,778
4 to 6 months	-	-	4,499	4,499
7 to 12 months	-	-	5,621	5,621
Individually Impaired	-	-	2,794,673	2,794,673
	<u>10,022,397</u>	<u>7,075</u>	<u>2,806,530</u>	<u>12,836,002</u>
	2018			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Neither past due or impaired	8,865,561	-	-	8,865,561
Past due but not impaired:				
1 month	1,307,214	361,605	518	1,669,337
2 to 3 months	-	123,963	46	124,009
4 to 6 months	-	-	145,440	145,440
7 to 12 months	-	-	71,084	71,084
Individually Impaired	-	-	10,939	10,939
	<u>10,172,775</u>	<u>485,568</u>	<u>228,027</u>	<u>10,886,370</u>



35. Financial risk management continued)

(a) Credit risk (continued):

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

Debt securities and other financial assets at amortised cost:

	2019	2018
	Stage 1	
	\$'000	\$'000
<b>Credit grade</b>		
BBB+ and below	5,959	351,898
Non-investment grade	1,924,143	2,367,566
	1,930,102	2,719,464
Loss allowance	( 16,311)	( 26,979)
	1,913,791	2,692,485

Movement in allowance:

	2019	2018
	\$'000	\$'000
Balance of the beginning of the year	26,979	18,145
(Credit)/charge for the year	( 10,668)	8,834
	16,311	26,979

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

(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 objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

35. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

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

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.

Credit risk grades:

The Co-operative allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.
- Data from credit reference agencies, press articles, changes in external credit ratings.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.
- External data from credit reference agencies, including industry-standard credit scores.



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35. Financial risk management continued

(a) Credit risk (continued):

(iv) Impairment (continued)

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

Credit risk grades (continued):

- Payment record, which includes overdue status as well as a range of variables about payment ratios.
- Existing and forecast changes in business, financial and economic conditions.

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.

Credit risk is deemed to increase significantly where the credit rating of a security decreased four or more levels on the international credit rating scale since the rating at origination date or the issuer of the instrument is experiencing or is very likely to experience one or more adversities and where there are adverse changes in one or more of the credit risk drivers that could increase the likelihood of default since the origination of loans.

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.

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35. Financial risk management continued

(a) Credit risk (continued):

(iv) Impairment (continued)

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

Determining whether credit risk has been increased significantly (continued):

The Co-operative monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).
- the borrower is unlikely to pay its credit obligations to the Co-operative in full, without recourse by the Co-operative to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Co-operative.
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Definition of default:

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

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

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

The definition of default largely aligns with that applied by the Co-operative for regulatory capital purposes.



35. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

*(b) Incorporation of forward-looking information*

The Co-operative incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Co-operative uses a forward-looking score card model to estimate the potential of future economic conditions. It formulates three economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 20% and 30% probability of occurring, respectively. Each scenario considers the expected impact of interest rates, unemployment rates, gross domestic product (GDP) and inflation. The base case is aligned with information used by the Co-operative for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica, supranational organisations and selected private-sector forecasters.

*(c) Measurement of ECL*

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Co-operative estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Co-operative derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

35. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

*(c) Measurement of ECL (continued)*

The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Co-operative measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Co-operative considers a longer period. The maximum contractual period extends to the date at which the Co-operative has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where the regulatory and general computations exceed the accounting standards the additional allowance is treated as an appropriation and taken to reserves.

*(d) Loss allowance*

The loss allowance recognised is analysed as follow:

Loan to members:

	2019			
	Stage 1	Stage 2	Stage 3	Total
Loan to members:				
Allowance at beginning of year	63,301	35,171	192,125	290,597
Movements with P&L impact:				
Transfers:				
Transfer from stage 1 to stage 2	-	248	-	248
Transfer from stage 1 to stage 3	-	-	60	60
Transfer from stage 2 to stage 1	475	-	-	475
Transfer from stage 2 to stage 3	-	-	475	475
Transfer from stage 3 to stage 2	-	10,119	-	10,119
New financial assets originated or purchased	61,942	3,619	136,298	201,859
Financial assets derecognised during the period	(52,472)	(45,021)	(151,242)	(248,735)
Allowance at end of year	73,246	4,136	177,716	255,098



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35. Financial risk management continued

(a) Credit risk (continued):

(iv) Impairment (continued)

(d) *Loss allowance (continued)*

The loss allowance recognised is analysed as follow: (continued)

Loan to members (continued):

	2018			
	Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year (IAS 39)	50,515	-	-	50,515
Amount arising on business combination	57,547	27,799	98,356	183,702
Remeasurement on January 1, 2018 (IFRS 9)	18,510	3,745	65,873	88,128
Movements with P&L impact:				
Transfers:				
Transfer from stage 1 to stage 2	-	168	-	168
Transfer from stage 1 to stage 3	-	-	258	258
Transfer from stage 2 to stage 1	13,591	-	-	13,591
Transfer from stage 2 to stage 3	-	-	475	475
Transfer from stage 3 to stage 2	-	6,766	-	6,766
New financial assets originated or purchased	79,143	25,965	86,057	191,165
Financial assets derecognised during the period	(105,490)	(29,272)	(109,409)	(244,171)
Allowance at end of year	<u>113,816</u>	<u>35,171</u>	<u>141,610</u>	<u>290,597</u>

(b) Liquidity risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Co-operative is exposed to daily calls on its available cash resources from loan draw-downs, withdrawal of savings, overnight and maturing deposits. The approach to managing liquidity is to ensure, as far as possible, that there is always sufficient cash and marketable securities to meet obligations when due, under normal and also under stressed conditions. The Board of Directors has delegated responsibility for the management of liquidity risk to the Asset and Liability Management Committee. On a monthly basis, the committee reviews the ratios and gap reports in order to assess and manage liquidity risk and to ensure compliance with internal policies and regulatory guidelines. The Co-operative manages its liquidity levels on a daily basis by the monitoring of future cash flows and maintenance of adequate amount of committed facilities.

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35. Financial risk management (continued)

(b) Liquidity risk:

The key measures used by the Co-operative for managing liquidity risk is the ratio of liquid assets to total savings deposits. For this purpose, liquid assets include cash and bank balances, deposits held with the JCCUL and highly liquid investments which have maturities up to nine months.

The Co-operative is subject to a liquidity limit imposed by JCCUL and compliance is regularly monitored. This limit requires that the Co-operative maintain liquid assets amounting to at least 10% of withdrawable savings and deposits. The liquid asset ratio as at December 31, 2019 was approximately 12.50% (2018: 12%) which is in compliance with the standard.

Members' voluntary shares and savings deposits have no contractual maturity. The amounts included in the analysis are based on management's estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows which are generally expected to maintain a stable or increasing balance.

There has been no change to the Co-operative's exposure to liquidity risk or the manner in which it manages and measures this risk.

The following table represents the undiscounted cash flows (gross principal and interest cash flows) to settle financial liabilities based on contractual repayment obligations at the reporting date. Based on experience however, the Co-operative expects that the actual cash flows will be significantly less than the contractual cash flows, as most members will not request repayment on the contractual maturity date, but will reinvest their funds with the Co-operative.



Notes to the Financial Statements (Continued)  
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35. Financial risk management (continued)

(b) Liquidity risk (continued):

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and bank balances, liquid deposits at JCCUL, investment securities and loans to members.

	Contractual cashflows					Total contractual cash flows \$'000	No specific maturity \$'000	Total carrying amount \$'000
	Within 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000				
As at December 31, 2019								
Lease liability	-	4,506	15,600	14,610	-	34,716	-	17,145
Voluntary shares	3,987,005	-	-	-	-	3,987,005	-	3,987,005
Deferred shares	16,538	49,613	1,026,000	-	-	1,092,151	-	901,054
Saving deposits	2,018,049	1,809,374	1,534,358	4,909,975	-	10,271,756	-	9,436,544
Due to other institutions	-	46,833	125,487	-	-	215,781	43,461	42,517
External credit	394,211	-	-	-	-	566,531	172,320	563,963
Other liabilities	307,550	-	-	-	-	637,887	330,337	647,514
Total financial liabilities	6,723,353	1,910,326	2,701,445	4,924,585	-	16,805,827	546,118	15,595,742
As at December 31, 2018								
Voluntary shares	3,330,730	-	-	-	-	3,330,730	-	3,330,730
Deferred shares	15,233	46,544	1,049,045	-	-	1,110,822	-	864,301
Saving deposits	1,792,376	1,114,567	1,457,073	4,947,378	-	9,311,394	-	9,228,996
Due to other institutions	-	-	-	-	-	48,877	48,877	47,894
External credit	10,880	32,638	113,945	-	-	157,463	-	150,953
Other liabilities	394,776	-	-	-	-	597,196	202,420	597,196
Total financial liabilities	5,543,995	1,193,749	2,620,063	4,947,378	-	14,556,482	251,297	14,220,070

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35. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates, foreign currency rates and equity prices and will affect the Co-operative's income or the value of its holdings of financial instruments. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investments. Market risk exposures are measured using sensitivity analyses.

There has been no change to the Co-operative's exposure to market risks or the manner in which it manages and measures this risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The Co-operative is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. It ensures that its net foreign currency exposure is kept to an acceptable level by buying or selling currencies at spot rates when necessary to address short-term imbalances.

The Co-operative's exposure to foreign currency risk at the date of the statement of financial position was as follows:

	2019 \$'000	2018 \$'000
United States dollar (USD) - Liquid assets	366	546
- Financial investments	1,030	1,071
Canadian dollar (CDN) - Liquid assets	3	28
Pounds sterling (GBP) - Liquid assets	-	8

Sensitivity analysis

Exchange rates in terms of the Jamaica dollar which is the Co-operative's principal intervening currency were as follows:

	USD	CDN	GBP
December 31, 2019	132.42	98.42	167.04
December 31, 2018	126.68	88.75	161.10



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35. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk (continued)

*Sensitivity analysis (continued)*

The strengthening or weakening of the Jamaican dollar by the extent shown against each currency would have increased/reduced income and equity by amounts shown below.

Currency	2019		2018	
	Strengthening/ (Weakening) %	Effect on surplus and equity \$'000	Strengthening/ (Weakening) %	Effect on surplus and equity \$'000
USD	4 (6)	( 7,394) 11,091	2 (4)	(4,096) 8,194
CDN	4 (6)	(11,810) 17,716	2 (4)	( 49) 99
GBP	4 (6)	- -	2 (4)	( 26) 53

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2018.

(ii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-earning liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed principally through monitoring interest rate gaps and by setting pre-approved gap ratios. The Asset and Liability Management Committee has oversight responsibility for the management and monitoring of interest rate risk and reports frequently to the Board of Directors on its strategies and position.

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35. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

The following table summarises the exposure to interest rate risk. They include the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2019					
	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total carrying amount
<b>Assets</b>						
Loans to members	20,277	12,633,482	-	-	-	12,653,759
Liquid assets	1,356,518	443,995	131,649	-	-	1,932,162
Financial investments	495,892	36,939	180,465	82,466	390,162	1,185,924
Non-earning liquid assets	-	-	-	-	245,355	245,355
Other assets	-	-	-	-	146,928	146,928
Pledged assets	-	-	363,396	-	-	363,396
Total financial assets	1,872,687	13,114,416	675,510	82,466	782,445	16,527,524
<b>Liabilities</b>						
Lease liabilities	-	-	17,145	-	-	17,145
Voluntary shares	3,987,005	-	-	-	-	3,987,005
Deferred shares	-	901,054	-	-	-	901,054
Saving deposits	2,003,128	7,433,416	-	-	-	9,436,544
Due to other institutions	-	-	42,517	-	-	42,517
External credit	-	-	563,963	-	-	563,963
Other liabilities	-	-	-	-	647,514	647,514
Total financial liabilities	5,990,133	8,334,470	623,625	-	647,514	15,595,742
Total interest rate sensitivity gap	(4,117,446)	4,779,946	51,885	82,466	134,931	931,782
Cumulative interest rate sensitivity gap	(4,117,446)	662,500	714,385	796,851	931,782	-



Notes to the Financial Statements (Continued)  
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35. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

	2018					Non- interest bearing	Total carrying amount
	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years			
<b>Assets</b>							
Loans to members	7,681	10,656,744	-	-	-	-	10,664,425
Liquid assets	1,021,484	1,037,375	164,614	-	-	-	2,223,473
Financial investments	608,297	203,000	125,337	224,288	457,699	457,699	1,618,621
Non-earning liquid assets	-	-	-	-	139,661	139,661	139,661
Other assets	-	-	-	-	95,643	95,643	95,643
Total financial assets	1,637,462	11,897,119	289,951	224,288	693,003	693,003	14,741,823
<b>Liabilities</b>							
Voluntary shares	3,330,730	-	-	-	-	-	3,330,730
Deferred shares	-	864,301	-	-	-	-	864,301
Saving deposits	1,778,680	7,450,316	-	-	-	-	9,228,996
Due to other institutions	-	-	47,894	-	-	-	47,894
External credit	-	-	150,953	-	-	-	150,953
Other liabilities	-	-	-	-	597,196	597,196	597,196
Total financial liabilities	5,109,410	8,314,617	198,847	-	597,196	597,196	14,220,070
Total interest rate sensitivity gap	(3,471,948)	3,582,502	91,104	224,288	95,807	95,807	521,753
Cumulative interest rate sensitivity gap	(3,471,948)	110,554	201,658	425,946	521,753	521,753	-

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35. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

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

The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Effect on net surplus 2019 \$'000	Effect on net surplus 2018 \$'000
Change in basis points:		
100 bp decrease (2018: 100 bp decrease)	8,236	8,836
100 bp increase (2018: 100 bp increase)	(8,236)	(8,836)

(iii) Equity price risk

Equity price risk arises from FVOCI equity securities held by the Co-operative as part of its investment portfolio. Management monitors mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Co-operative's investment strategy is to maximise return on investment while minimising risks.

The Co-operative's equity portfolio is listed on the Jamaica Stock Exchange. A 10% (2018: 10%) increase or decrease in quoted bid prices at the date of the statement of financial position would result in an increase and an equal decrease in equity of \$12,526,000 (2018: \$4,507,000).

(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 financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

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



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Notes to the Financial Statements (Continued)

December 31, 2019

35. Financial risk management (continued)

(d) Operational risk (continued):

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to senior management. This responsibility is supported by overall standards of the Co-operative for the management of operational risk in the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

(e) Capital management:

Compliance with the Co-operative's policies is supported by a programme of periodic reviews undertaken by an Internal Audit unit and the Co-operative's regulatory body. The results of Internal Audit and other reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, senior management and the Board of Directors.

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

- 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;
- 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;
- To maintain a 8% ratio of institutional capital to total assets; and
- 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 the reporting date, this ratio was 14.86% (2018: 16.04%) which is in compliance with the requirements.

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Notes to the Financial Statements (Continued)

December 31, 2019

35. Financial risk management (continued)

(e) Capital management (continued):

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

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

Regulatory capital includes deferred shares as discussed in note 14.

During the year, the Co-operative complied with all externally imposed capital requirements to which it is subject.

The composition of regulatory capital and the ratios of the Co-operative as at the reporting date is as follows:

	2019		2018	
	Actual \$'000	Required \$'000	Actual \$'000	Required \$'000
Total regulatory capital (including deferred shares)	2,618,449	1,410,066	2,569,667	1,278,595
Total capital ratio	14.86%	8%	16.04%	8%

In determining the Co-operative's capital base (institutional capital), the institutional capital of the acquired credit unions as at the date of each merger are included. Westmoreland Co-operative Credit Union Limited (WCCUL), ICD Co-operative Credit Union Limited (ICDCCUL) and National Water Commission Credit Union Limited (NWCCUL), Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GECCUL) and St. Elizabeth Co-operative Credit Union Limited (STECCUL) all merged with Community & Workers of Jamaica Co-operative Credit Union Limited. As at the date of each merger, the institutional capital of the acquired entities included the following reserves:

	D&GECCUL \$'000	STECCUL \$'000	WCCUL \$'000	ICDCCUL \$'000	NWCCUL \$'000
Statutory reserve	73,162	134,993	56,577	19,395	87,636
General reserve	-	-	21,971	10,952	289
Retained earnings reserve	-	-	59,765	-	71,924
	<u>73,162</u>	<u>134,993</u>	<u>138,313</u>	<u>30,347</u>	<u>159,849</u>

Date of merger

Westmoreland Co-operative Credit Union Limited (WCCUL)	September 1, 2013
ICD Co-operative Credit Union Limited (ICDCCUL)	June 1, 2015
National Water Commission Credit Union Limited (NWCCUL)	October 1, 2016
Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GECCUL)	May 1, 2018
St. Elizabeth Co-operative Credit Union Limited (STECCUL)	September 1, 2018



COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)  
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Notes to the Financial Statements (Continued)  
December 31, 2019

35. Financial risk management (continued)

(f) Fair value of financial instruments:

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Many of the Co-operative's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or 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, 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.

Amounts due to other institutions, members' voluntary shares, deferred shares, members' deposits and loans to members are carried at amortised 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.

The fair value of shares held in Jamaica Co-operative Credit Union League and other related entities are determined using the net asset valuation method. 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 the Levels 1, 2 and 3 fair value hierarchy based on the degree to which the fair value is observable as follows:

- (i) Level 1: Fair values are quoted prices (unadjusted) 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).

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)  
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Notes to the Financial Statements (Continued)  
December 31, 2019

35. Financial risk management (continued)

(f) Fair value of financial instruments (continued):

(i) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, their classification and their levels in the fair value hierarchy. There were no transfer between levels during the year. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amounts is a reasonable approximate of fair values.

	2019							
	Carrying amount				Fair value			
	Amortised cost \$'000	FVOCI \$'000	FVTPL \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value:</b>								
Financial investments	-	257,338	484,206	741,544	199,344	193,870	348,330	741,544
Earning liquid assets	-	-	1,085,201	1,085,201	-	1,085,201	-	1,085,201
	<u>-</u>	<u>257,338</u>	<u>1,526,407</u>	<u>1,826,745</u>	<u>199,344</u>	<u>1,279,071</u>	<u>348,330</u>	<u>1,826,745</u>
<b>Financial assets not measured at fair value:</b>								
Financial investments	447,038	-	-	447,038	-	454,079	-	454,079
Pledged assets	366,362	-	-	366,362	-	385,101	-	385,101
	<u>813,400</u>	<u>-</u>	<u>-</u>	<u>813,400</u>	<u>-</u>	<u>839,180</u>	<u>-</u>	<u>839,180</u>
<b>2018</b>								
	Carrying amount				Fair value			
	Amortised cost \$'000	FVOCI \$'000	FVTPL \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value:</b>								
Financial investments	-	210,223	522,724	732,947	105,322	385,255	242,370	732,947
Earning liquid assets	-	-	592,617	592,617	-	592,617	-	592,617
	<u>-</u>	<u>210,223</u>	<u>1,115,341</u>	<u>1,325,564</u>	<u>105,322</u>	<u>977,872</u>	<u>242,370</u>	<u>1,325,564</u>
<b>Financial assets not measured at fair value:</b>								
Financial investments	1,016,831	-	-	1,016,831	-	1,069,754	-	1,069,754



COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
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Notes to the Financial Statements (Continued)  
December 31, 2019

35. Financial risk management (continued)

(f) Fair value of financial instruments (continued):

(ii) Valuation techniques

The valuation techniques used in measuring fair value in the Level 2 and level 3 hierarchy are detailed below. There were no significant unobservable inputs used.

<u>Financial assets</u>	<u>Method</u>
Government of Jamaica benchmark investment notes	<ul style="list-style-type: none"> <li>Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids)</li> <li>Using this yield, determine price using accepted formula</li> <li>Apply price to estimate fair value.</li> </ul>
Government of Jamaica Euro Global bonds	<ul style="list-style-type: none"> <li>Apply prices of bonds at reporting date as quoted by broker/dealer.</li> </ul>
Units in unit trusts	<ul style="list-style-type: none"> <li>Obtain prices quoted by unit trust managers.</li> <li>Apply price to estimate fair value.</li> </ul>
Corporate bonds	<ul style="list-style-type: none"> <li>Considered to be carrying value as the coupon rates approximate the market rates.</li> </ul>
Unquoted equities	<ul style="list-style-type: none"> <li>Net asset valuation method</li> </ul>

36. Business combinations

- (a) The Community & Workers of Jamaica Co-operative Credit Union Ltd (C&WJCCUL), by way of special resolutions passed on April 28, 2018, and in accordance with the provisions of section 53 of the Co-operative Societies Act, accepted the transfer of engagement passed by special resolution on April 19, 2018 by the Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GCCUL), effective May 1, 2018. Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GCCUL), therefore ceased to exist as of April 30, 2018.

In accordance with IFRS 3 *Business Combinations*, the merger is accounted for as a business combination using the acquisition method. As no consideration was transferred, C&WJCCUL and (D&GCCUL), exchanged only equity interest, goodwill is determined using the acquisition date fair value of the C&WJCCUL's interest in D&GCCUL in place of the acquisition-date fair value of the consideration transferred.

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)

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Notes to the Financial Statements (Continued)  
December 31, 2019

36. Business combinations (continued)

(a) (continued)

The goodwill arising on the acquisition amounted to \$0.839M. The difference between the fair value of the net assets acquired and the deemed value for the shares issued was credited to the business combination reserve in institutional capital.

Acquisition costs of \$0.4M have been charged to operating expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

In prior year, the revenue included in the statement of profit or loss and other comprehensive income since May 1, 2018 was \$31.4M and surplus for the same period totalled \$19.3. Had the business combination occurred from January 1, 2018, the statement of profit or loss and other comprehensive income would show revenue of \$46.5M and profit of \$12.3M for the year ended December 31, 2018.

Details of net assets acquired and net cash outlay on acquisition are as follows:

	<u>Fair value</u> <u>\$'000</u>
Net assets arising on the acquisition:	
Liquid assets – earning assets	74,097
Intangible assets	10,822
Financial investments	23,542
Loans to members after provision for impairment	249,061
Cash in hand and at bank	13,673
Other assets	6,470
Property, plant and equipment	1,051
Saving deposits	( 39,034)
Voluntary shares	(204,611)
Other liabilities	( 46,039)
Net assets acquired	89,032
Goodwill acquired	839
Deemed value of consideration	89,871
Permanent shares issued	2,193
Business combination reserve	87,678
	89,871
Cash reserves acquired on acquisition:	
Liquid earning assets	74,097
Cash in hand and at bank	13,673
Cash and cash equivalents included in the statement of cash flows	87,770



COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
CREDIT UNION LIMITED (C&WJCCUL)

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Notes to the Financial Statements (Continued)  
December 31, 2019

36. Business combinations (continued)

- (b) The Community & Workers of Jamaica Co-operative Credit Union Ltd (C&WJCCUL), by way of special resolutions passed on August 18, 2018, and in accordance with the provisions of section 53 of the Co-operative Societies Act, accepted the transfer of engagement passed by special resolution on July 26, 2018 by the St. Elizabeth Co-operative Credit Union Limited (STECCUL), effective September 1, 2018. The St. Elizabeth Co-operative Credit Union Limited (STECCUL) therefore ceased to exist as of August 31, 2018.

In accordance with IFRS 3, *Business Combinations*, the merger is accounted for as a business combination using the acquisition method. As no consideration was transferred, C&WJCCUL and STECCUL exchanged only equity interest, goodwill is determined using the acquisition date fair value of the C&WJCCUL's interest in STECCUL in place of the acquisition date fair value of the consideration transferred.

The goodwill arising on the acquisition amounted to \$35.2M. The difference between the fair value of the net assets acquired and the deemed value for the shares issued was credited to the business combination reserve in institutional capital.

Acquisition costs of \$10M have been charged to operating expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

In prior year, the revenue included in the statement of profit or loss and other comprehensive income since September 1, 2018 was \$108.5M and surplus for the same period totalled \$59.1M. Had the business combination occurred from January 1, 2018, the statement of profit or loss and other comprehensive income would show revenue of \$330.7M and profit of \$183.2M for the year ended December 31, 2018.

Details of net assets acquired and net cash outlay on acquisition are as follows:

	<u>Fair value</u> \$'000
Net assets arising on the acquisition:	
Liquid assets – earning assets	501,896
Intangible assets	93,424
Financial investments	84,964
Loans to members after provision for impairment	1,712,055
Cash in hand and at bank	3,260
Other assets	105,586
Property, plant and equipment	118,669
Due to other institutions	( 27,866)
Saving deposits	(2,074,691)
Voluntary shares	( 100,321)
Other liabilities	( 236,064)
Net assets acquired	180,912
Goodwill acquired	35,200
Deemed value of consideration	<u>216,112</u>
Permanent shares issued	68,111
Business combination reserve	<u>148,001</u>
	<u>216,112</u>

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE  
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Notes to the Financial Statements (Continued)  
December 31, 2019

36. Business combinations (continued)

- (b) (Continued)

	\$'000
Cash reserves acquired on acquisition:	
Liquid earning assets	501,896
Cash in hand and at bank	<u>3,260</u>
Cash and cash equivalents included in the statement of cash flows	<u>505,156</u>

37. Litigation and contingent liabilities

The Co-operative is subject to various claims, disputes and legal proceedings in the normal course of business. Provision is made in the financial statements when, in the opinion of management and its legal counsel, it is more likely than not that the Co-operative will be found liable and the amount can be reasonably estimated. In respect of claims asserted the Co-operative for which no provision has been made, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Co-operative that is immaterial to both its financial position and financial performance.

38. Capital commitment

As at December 31, 2019, the Co-operative entered into contracts for capital expenditure in the amounts of \$71,614,000 in respect of which deposits amounting to \$36,636,000 have been made.

39. Subsequent event

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. This could have significant negative financial effects on the Co-operative, depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Government, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be estimated reliably.

The Co-operative expects this to have some effects on its financial performance, however, at the date of authorisation of the financial statements, the Co-operative is unable to determine a reliable estimate of the financial impact of this matter on its profitability, capital adequacy and financial position.



# REPORT

## OF THE CREDIT COMMITTEE



Mr Clifton Atkinson  
Member

Mr. Trevor  
Cameron  
Member

Ms Natalie Stanford  
Chairperson

Mrs. Norma  
Warburton-Thomas  
Secretary

Mr. Charles Hanson  
Member

The year ended December 31, 2019 was another successful and exciting year for the Credit Union. This was more so evident in the area of Credit with a drastic increase in loan disbursement over the previous year. The Credit Union through innovation and resilience showed dominance in the marketplace which is a testament to the extraordinary effort of the Board of Directors, Management, Staff and Committees which served during the period.

# REPORT

## OF THE CREDIT COMMITTEE, Continued

Members of the Committee serving you at the start of the year were:

Mrs. Judith Cawley	Chairperson
Mrs. June Matthews	Secretary
Mrs. Warburton-Thomas	Member/Secretary
Ms. Natalie Stanford	Member/Chairperson
Mr. Clifton Atkinson	Member
Mr. Trevor Cameron	Member
Mr. Charles Hanson	Member

At our AGM held on April 27, 2019 Mr. Clifton Atkinson and Mr. Charles Hanson were elected to serve for two years. Mrs. Norma Warburton-Thomas, Ms. Natalie Stanford and Mr. Trevor Cameron would each serve another year. Mrs. Judith Cawley and Mrs. June Matthews were not eligible for re-election, having served the maximum tenure based on the term limits provisions in our Rules.

The Credit Committee met and decided that Ms. Natalie Stanford and Mrs. Norma Warburton-Thomas would serve as Chairperson and Secretary respectively. They also would continue to have meetings on Wednesdays at 5:30 pm.

### Loans approved by the Credit Union

During the year the Credit Union approved and disbursed 20,984 loans and advances, an increase of 3,865 or 22.58% over the previous year. The total value of loans disbursed during the period was \$6.090 Billion coming from \$4.198 Billion in 2018, an increase of \$1.892 Billion or 45.07%. The most popular category of loans approved was the Unsecured Loans with 9,628 disbursed for the period with a value of \$2.289 Billion. The Cash Secured loans were next with 8,656 loans approved valued at \$990.16 Million. The Motor Vehicle loans accounted for the largest disbursed value followed closely by the Unsecured Loans, with disbursements of \$2.306 Billion and \$2.289 Billion respectively. There were 57 Real Estate Secured Loans disbursed with a value of \$215.73 Million.

### Credit Committee Oversight responsibility

The Credit Committee continues to exercise oversight responsibility for loans approved by the Loans Committee, Branch Managers and Loans Officers. In

carrying out this role, the Credit Committee reviewed a total of 427 randomly selected loans with a value of approximately \$521 Million. The objectives of the reviews were to ensure:

- Compliance with Credit Union’s policies.
- Completeness of documentation.
- Appropriate level of Risk and Security.
- Approval limits were maintained.

The reviews indicated that all internal systems of control were in place and there was adherence to established policies and procedures. All concerns were effectively addressed by the Credit Union’s management and all the loans met the stated objectives. The Credit Committee is satisfied that the Loans Committee, Management and Loans Officer continue to perform effectively.

### Loans Approved by the Credit Committee

The Credit Committee approves loans which exceed the authority of the Loans Committee and loans referred by the Loans Committee for special attention. A total of 29 such loans valuing approximately \$401 Million were referred to us. Twenty-Seven (27) of these loans were approved by the Credit Committee. Two (2) were declined because of the lack of affordability.

### Attendance Analysis for 2017

The Credit Committee held 48 meetings for 2019 and the attendance of the members are shown below.

Members	Possible	Actual	Absent
Judith Cawley	16	16	-
June Matthews	16	16	-
Norma Warburton	48	45	3
Natalie Stanford	48	44	4
Clifton Atkinson	48	43	5
Trevor Cameron	48	42	6
Charles Hanson	48	46	2

### Loan Portfolio

At year-end the Credit Union’s loan portfolio consisted of 21,341 loan contracts. The total loan balance outstanding moved from \$10.66 Billion in 2018 to \$12.65 Billion at the



# REPORT

OF THE **CREDIT COMMITTEE**, Continued

end of 2019 representing an increase of 18.67%.

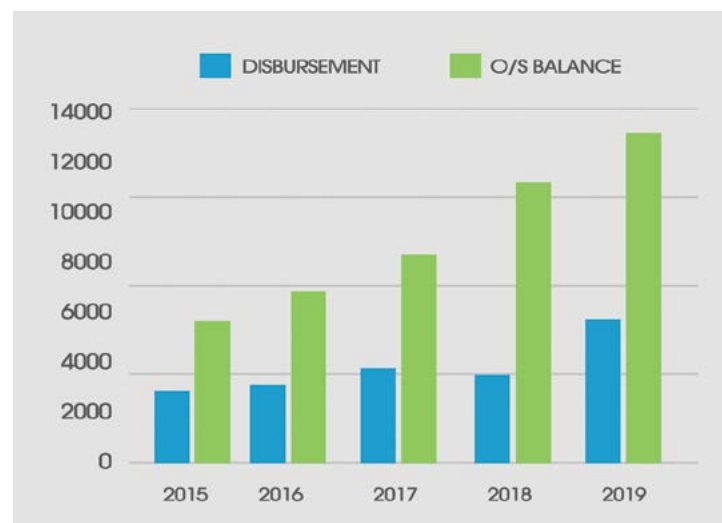
The Unsecured Loans accounted for 10,481 of the 21,341 loans in the portfolio (49.11%), with a value of \$3.381 Billion representing 26.72% of the portfolio balance as at December 31, 2019. Another popular category for the year 2019 was the Cash Secured Loans, at year end; the portfolio consisted of 5,767 of these loans with a value of \$1.569 Billion representing 12.24% of the portfolio balance.

The Motor Vehicle loans accounted for the largest share of the portfolio value accounting for 47.20% with balance outstanding of \$6.050 Billion.

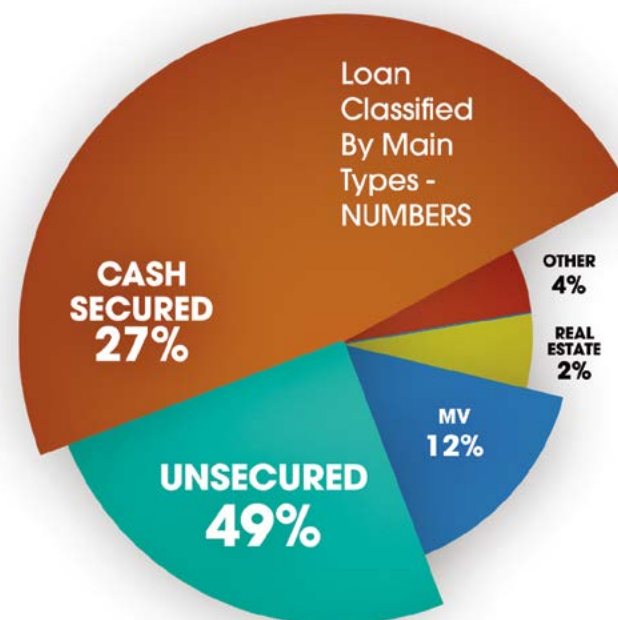
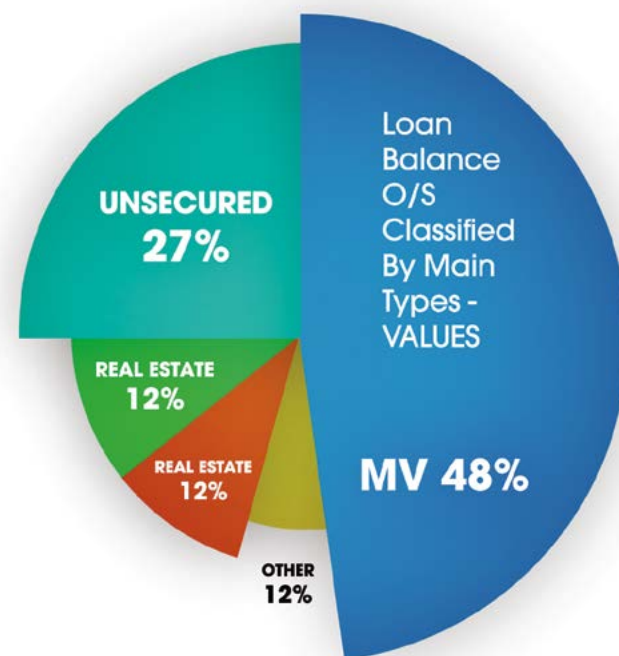
The Real Estate Loan Portfolio moved from \$1,227 Million in 2018 to \$1,463 Million at December 31, 2019, an increase of 19.23%.

The chart below shows the value of loans disbursed and the outstanding balance of the Credit Union's loan portfolio over the last 5 years.

**Loan Disbursement and Outstanding Balance**



The charts below show the composition of the loan portfolio by the main loan types to their balances and number of loans outstanding at the year end.



# REPORT

OF THE **CREDIT COMMITTEE**, Continued

## Additional Information

Members of the Committee also participated in the following activities during the year under review:

- Training under the Proceeds of Crime Act (POCA) and Counter Terrorism.
- The Chairperson of the Committee, Mrs. Natalie Stanford attended the retreat of the Board of Directors in October 2019.

## Conclusion

The Credit Committee wishes to express appreciation to:

- The membership for the confidence displayed in electing us to serve.
- The Board of Directors for their recommendations and support when needed.
- The C.E.O and his staff for the co-operation and assistance given to us.
- A special thanks to the Credit Department for their invaluable assistance at our weekly meetings.
- To all the liaison persons for their unending support and to the other committees for their invaluable assistance.

On behalf of the members of this Committee I take this opportunity to say it was a pleasure to have served you.

As Secretary, sincere thanks to the hardworking members of the committee for their continued commitment and dedication for the past year

Co-operatively Yours

Norma Warburton-Thomas  
Secretary



# REPORT

## OF THE SUPERVISORY COMMITTEE



### CHAIRPERSON'S REMARKS

The Supervisory Committee takes pleasure in welcoming one and all to the 56th Annual General Meeting of the C&WJ Co-operative Credit Union. A special thank you is being extended to members of the Board of Directors, Committees, Management and staff of the Credit Union for their cooperation and unwavering support over the year.

# REPORT

## OF THE SUPERVISORY COMMITTEE, Continued

According to The Co-operative Societies Regulations, 1950, Section 40 (3) (c), the Supervisory Committee is elected by the members of the Credit Union at the Annual General Meeting for the purposes of audit and supervision with primary responsibility to give assurance that internal operating controls are established and effectively maintained. Additionally, that the Board of Directors' plans, policies, and procedures are being properly administered by management.

The Committee members, who were duly elected at the 56th Annual General Meeting held on the 27th day of April, 2019, served in the following capacities:

▼ Committee Members	
Darren Brown	Chairperson
Dionne Mason-Gordon	Secretary
Daniel Scott	Member
Richard Meggo	Member
Kevron Cain	Member
George Morris	Member
Paul Bernard	Member

Members retired were as follows:

▼ Retired Members	
Rohan Saunders	Member
Wembley McGowan	Member
Hortense Hylton	Member
Carla Davy	Member
Judy-Ann Reid	Member

In the execution of our responsibilities, the Committee was ably supported by the Internal Audit Manager and her dynamic team. Without their support, commitment, and hard work, gaining the relevant assurance that management practices and procedures adequately safeguard members' assets would not have been realised. The Internal Audit Department operated by a mandate that allows for the examination of the Credit Union affairs. The Committee authorises and ratifies

audit investigations, and conducts other activities to strengthen the governance processes of the Credit Union. As the watchdog of the Credit Union, the Committee works assiduously to ensure that the operations of the organisation are aligned with its Mission and Vision as well as adhere to its governing policies and rules.

### Meeting Attendance Record

The table below summarises the attendance record of the Supervisory Committee members.

Committee Members ▼	Possible Meetings	Meetings Attended	Absent / Excused
Darren Brown	12	12	0
Dionne Mason-Gordon	12	10	2
Daniel Scott	12	8	4
Richard Meggo	12	11	1
Kevron Cain	12	12	0
George Morris	12	10	2
Paul Bernard	12	9	3
Rohan Saunders	4	2	2
Wembley McGowan	4	3	1
Hortense Hylton	4	3	1
Carla Davy	4	4	0
Judy-Ann Reid	4	2	2

### Areas Reviewed

The Supervisory Committee provides an independent and objective approach to evaluate and improve the effectiveness of risk management and operations. In order to achieve this, the Committee along with the Internal Audit Manager directed a comprehensive 'risk based' audit plan which was ratified by the Board of Directors.

The internal audit reviews were conducted and performed in accordance with the Institute of Internal Audit (IIA) Standards. These standards require the auditor to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.



# REPORT

## OF THE SUPERVISORY COMMITTEE, Continued

for the findings and conclusions based on the audit objectives.

In performing its duties with independence and reasonable care, the Committee held monthly meetings to discuss the observations and findings from the audit reviews and presented the Board of Directors with a comprehensive monthly report. Over the period, the Committee reviewed the following areas across the Credit Union's operations:

### Accounts & Finance

- Investments and Interest Income
- Liquidity Management
- Capital Management
- Regulatory Compliance
- Bank Reconciliation
- Fixed Assets
- Financial Statement

### Customer Service & Operations

- Loans
- Loan Delinquency Write Offs
- Arrears Management/Loan Delinquency
- Shares, Savings & Deposits
- Cambio Operations
- Anti-Money Laundering & POCA Compliance
- Dormant Accounts
- Deceased Members Accounts
- Branch Reviews
- Cash Count
- Special Audits
- Security (Done At Branch Level)

At the request of Management, special reviews of certain areas of the operations were conducted. Some of these include testing the veracity of members' complaints.

The Supervisory Committee is pleased to report that the reviews conducted by the Internal Audit Department disclosed the following:

- The overall system of internal controls remains fair as most expected controls were in place and operating effectively. The audits uncovered no significant weaknesses, the minor weaknesses identified and

the recommendations made were addressed by the management team.

- Generally, controls evaluated were adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

- There was general adherence to established policies, procedures and compliance with the requirements of laws and regulations that govern the Credit Union's operations.

### Conclusion

The members of the Supervisory Committee are proud to have been given the opportunity to serve this noble institution in this trusted capacity. As the C&WJCCUL family celebrates our 56th AGM and our sterling contribution to Jamaica; let us pause to remember that our mission is to enhance the well-being of our members through superior financial services delivered by an empowered and motivated team.

Fellow Cooperators, it is your loyalty that gives C&WJCCUL the impetus to remain a leader in the financial space, and gives this Committee the drive to work selflessly to ensure integrity and accountability at all levels. We are assured that the Board of Directors, Committees, Management and Staff have proven their adherence to the policies and rules. To this end, they have demonstrated our vision to be the financial service provider of choice for stakeholders in communities and industries in Jamaica and the Diaspora. As Chairman, I would like to salute the members of this committee for placing service above self. Let us all continue, unswerving in our commitment to work together as a team. Thanks to you the members who have entrusted us with this important responsibility of being the stewards over your interest.



.....  
Darren Brown (Mr.)  
**Chairman**

# REPORT

## OF THE LEAGUE DELEGATES



**Condell Stephenson**



**Carlton Barclay**

Mr. Condell Stephenson, President and Mr. Carlton Barclay, CEO, were elected as delegates to the Jamaica Co-operative Credit Union League at the 55th Annual General meeting of the Society. Mr. Michael Dunn and Mrs. Ashlyn Malcolm were elected as alternate delegates.

### Report on the League's 78th AGM

The Jamaica Co-operative Credit Union league's 78th Annual General Meeting was held from May 30, to June 2, 2019 at the Hilton Rose Hall Resort & Spa in Montego Bay under the theme 'People Helping People Achieve'. Approximately one hundred and forty (140) delegates, alternate delegates and observers attended the weekend Conference. The schedule of activities included an opening ceremony, a trade show, reception, workshops, banquet, the annual general meeting and an ecumenical service.

### THURSDAY, May 30

- Inaugural CARIB DE's of Jamaica forum.
- The Credit Union Managers' Assoc. AGM
- The Healing Power of Jamaican Herbs
- Official Opening Ceremony

### FRIDAY, May 31

- WOCCU Global Women's Network, Jamaica Chapter, Breakfast Meeting
- The four workshops held on Friday were:
  - (i) "Due Process in Dispute Resolution"
  - (ii) Handling Grievances and Separations

- (iii) "How to Provide and Measure your Value to your Members"
- (iv) 'The Art of Dealing with Non-performing Loans'

### SATURDAY, June 1 ANNUAL GENERAL MEETING

The 78th Annual General Meeting was held on June 1, 2019. Delegates from twenty-four (24) Credit Unions attended the meeting. President Mr. Winston Fletcher, chaired the meeting. All aspects of JCCUL's operations were presented and examined. The Treasurer's Report including the audited Financial Statements were also presented.

### Distribution of Surplus

The Delegates agreed to the distribution of the surplus of \$126 Million.

Delegates voted for the maximum liability of the League to be set at \$5 Billion.

### Election of Officers

The following persons were elected to the JCCUL's Board:

- Martin Blackwood, Portland CU (Managers)
- Andrea Messam, Broadcast CU (Small)
- Michael Anglin, JDF CU (Large)
- Patrick Smith, JTA (At Large)
- Ryan Muir, Lascelles & Partners (At Large)
- Maxine Wilson, Palisadoes (Large)
- Carlton Barclay, C&WJCCUL (Mega)

The following persons were elected to the Supervisory Committee:

- Michael Sutherland; C&WJCCUL
- Ivy Lawrence; Lascelles & Partners CU
- Delroy James; First Heritage CU
- Nicola Reid; Palisadoes Credit Union
- Paulette Green; Jamaica Police CU



# REPORT OF THE LEAGUE DELEGATES, Continued

## RESOLUTIONS

The following congratulatory resolutions were passed at the meeting:

- BJ Staff Credit Union - 55th anniversary
- Postal Credit Union - 60th anniversary
- TA Credit Union - 60th anniversary

## The 2019-2020 JCCUL Board:

- Winston Fletcher - President
- Lambert Johnson - 1st VP
- Andrea Wilson-Messam - 2nd VP
- Norris Gilbert - Treasurer
- Patrick Smith - Assist. Treasurer
- Jerry Hamilton - Secretary
- Brenda Cuthbert - Assist. Secretary
- Carol Anglin
- Michael Anglin
- Carlton Barclay (subsequently replaced by Bornette Donaldson)
- Martin Blackwood
- O'Neil Grant
- Clide Nesbeth (subsequently replaced by Maurice Bolt)
- Ryan Muir
- Maxine Wilson

## ANNUAL AWARDS DINNER

The annual awards dinner ended Saturday's activities. Guest speaker at this event was motivational speaker Mrs. Nadine Burrowes-Seaga, founder of People Development Consultants.

## AWARDS

The Credit Union of the Year Awards were:

Mega - Assets > \$2 Billion	
Winner	First Regional Co-op
Runner Up	EduCom Co-op
Large - Assets > \$1 Billion - \$2 Billion	
Winner	JDF Co-op

Runner Up	Palisadoes Co-op
Medium - Assets > \$300 Million - \$1 Billion	
Winner	Postal Credit Union
Runner Up	Grace Co-op
Small - Assets <\$300 Million	
Winner	PWD Credit Union

C&WJ Co-op Credit Union won the following two prizes:

- The Credit Union with the Highest Capital growth for 2018; and
- The Credit Union with the Highest Asset growth for 2018

Special Appreciation Awards were presented to Mrs. Susan Thompson and Ms. Phillipa Beckford in recognition of their work with the Credit Union Movement.

The convention ended officially on Sunday June 2, 2019 with an ecumenical service.

## Financial Status of the Movement at Dec 2019

At December 2019 the number of credit unions in Jamaica remained at 25.

The movement continued to perform creditably in relation to a number of its key result areas with assets growing by 7.74% to close the year at \$123.97 Billion; savings growing by 7.84% to \$96.31 Billion; and loans by 12.08% to \$91 Billion.

Profitability recorded an improvement in the ratio of net surplus to average assets. This ratio increased from 1.68% to 1.76% in 2019.

During 2019 the League hosted two Board Consultation Meetings on March 2, 2019 and November 23, 2019 respectively. The matters for discussion centred on the Data Connectivity Project; Salary Deposit Project; MasterCard Project; Listing of Deferred Shares on the Jamaica Stock Exchange (JSE); and improving the visibility of the Credit Union Movement by sponsoring the Premier League Football and the High School Rugby Programmes.

# REPORT OF THE LEAGUE DELEGATES, Continued

## Special General Meeting November 23, 2019

The objective of the meeting was to approve the following Rule changes:

- Reduction of the number of Peer Groups from four to three; and
- To restrict the composition of the League Board to include only one Credit Union Manager.

The meeting approved the Rule changes.

The delegates are pleased to have been afforded the privilege of representing the Credit Union at the level of the League.

Signed:



Carlton Barclay  
Delegate to the League



Condell Stephenson  
Delegate to the League



# REPORT

## OF THE NOMINATING COMMITTEE

The Nominating Committee was appointed by the Board of Directors at its meeting on the May 25, 2019 in keeping with Rule 71(a) and comprised of the persons named below:

- Ms. Paulette Howell - Chairperson
- Mrs. Faith Bertram
- Ms. Carla Davy

The Committee wishes to express its gratitude on behalf of the Board and members, to all the volunteers who served us in the past and to specially welcome the volunteers who will be serving for the first time.

In undertaking its work, the Committee was guided by the following:

- The Credit Union has in place term limits for volunteers. The effect of the term limit is that: - No Director, member of the Credit or Supervisory Committees shall be allowed to serve for more than three (3) consecutive terms, however, such member will be eligible to serve once he/she sits out a period of one year or one AGM without serving on any electable committee.
- Rule 34(i) which states that "At the first Annual General Meeting a bare majority of the members constituting the Board of Directors shall be elected for a term of two years and the others for a term of one year. Whenever the number of the members of the Board of Directors is increased, one-half of such additional members shall be elected for two years and one-half for one year. Thereafter the term of office for members shall be two years."

### 1. Board of Directors

The current status of the members of the Board is as follows:

- **Members retiring at this 2020 Annual General Meeting**
  - Austin Brown
  - Shauneil James
  - Delroy Foster
  - Christopher Buckmaster
  - Terrie-Ann Bennett\*
  - Peter Scott\*

\*Mrs. Terrie-Ann Bennett and Mr. Peter Scott are not eligible for re-election, having served their maximum tenure based on the term limits provisions in our Rules.

The number of Directors would revert to eleven (11) in keeping with the resolution made at the 54th AGM.

- **Members retiring at the Annual General Meeting in 2021**
  - Condell Stephenson
  - Paulette Howell
  - Pauline Thompson
  - Michael Dunn
  - Ashlyn Malcolm
  - Winston Green
  - Bornette Donaldson

### Nominations

In keeping with the foregoing, the Committee nominates: Austin Brown, Shauneil James, Delroy Foster and Christopher Buckmaster to fill the four (4) vacancies on the Board of Directors.

The Committee recommends that the Directors be elected to serve for the term adjacent to their names:

Christopher Buckmaster	-	2 years
Austin Brown	-	2 years
Shauneil James	-	2 years
Delroy Foster	-	2 years

### 2. Credit Committee

The current status of the Committee members is as follows:

- **Members retiring at this Annual General Meeting 2020:**
  - Natalie Stanford\*
  - Norma Warburton-Thomas
  - Trevor Cameron

\*Natalie Stanford is not eligible for re-election, having served the maximum tenure based on the term limits provisions in our Rules.

- **Members retiring at the Annual General Meeting 2021:**
  - Clifton Atkinson
  - Charles Hanson

### Nominations

The Committee nominates Judith Cawley; Norma Warburton-Thomas; and Trevor Cameron to fill the three (3) vacancies on the Credit Committee.

# REPORT

## OF THE NOMINATING COMMITTEE, Continued

The Committee recommends that the members be elected to serve for the term adjacent to their names:

Norma Warburton-Thomas	-	2 years
Trevor Cameron	-	2 years
Judith Cawley	-	2 years

### 3. Credit Union Supervisory Committee

The members of the Supervisory Committee all of whom will retire at this meeting are:

- Darren Brown\*
- Dionne Mason-Gordon\*
- Daniel Scott\*
- Richard Meggo
- Kevron Caine
- Paul Bernard
- George Morris

\*Darren Brown; Daniel Scott; and Dionne Mason-Gordon are not eligible for re-election, having served the maximum tenure based on the term limits provisions in our Rules.

### Nominations

The Committee nominates the members named below to fill the 7 vacancies on the Supervisory Committee for a term of one year.

- Dr. Richard Meggo
- Kevron Caine
- Paul Bernard
- George Morris
- Rohan Saunders
- Shorna Anderson
- Michael Sutherland

### 4. Delegates to the Jamaica Co-operative Credit Union League

The retiring members are:  
Condell Stephenson  
Carlton Barclay

### Nominations

The Committee nominates the following members for the term of one year:

President-Elect  
Carlton Barclay

### 5. Delegates to JCIA (formerly NUC-CIS)

The retiring members are:  
Carlton Barclay  
Ashlyn Malcolm

### Nominations

The Committee nominates the following members for the term of one year:

The Treasurer-Elect  
Carlton Barclay

### 6. Delegates to QNET

The retiring delegates are:  
Condell Stephenson  
Carlton Barclay

### Nominations

The Committee nominates the following members for the term of one year:

Carlton Barclay  
President-Elect

### PROFILES OF CANDIDATES

#### BOARD OF DIRECTORS AUSTIN BROWN

Mr. Brown was employed to Cable & Wireless Jamaica in the capacity of Vice President Planning and Development. He holds a Master's Degree in Computer Based Management Information System from the University of the West Indies (UWI) and a B.Eng in Electronics and Telecommunications from the University of Technology, Jamaica (UTECH) and is currently the Managing Director of Verge Communications Limited. Mr. Brown has served on C&WJCCUL's Credit Committee and is currently serving as Second Vice President on the Board of C&WJCCUL.

#### CHRISTOPHER BUCKMASTER

Mr. Buckmaster has been employed by JAMALCO/ General Alumina Jamaica L.L.C (formerly Alcoa Minerals of Jamaica L.L.C.) for more than twenty-five years and is currently the Director of Human Resources, Security and Corporate Services. He has held varying positions in electrical Engineering, Training and Development, Compensation Management, Industrial Relations and general Human Resources Management. He holds an MSc. In Computer-Based Management Information Systems from UWI, Mona and a BSc. in Electrical and Computer Engineering from UWI, St. Augustine. Mr. Buckmaster is the current Chairman of the Board of Trustees and Sponsor Trustee Alcoa Minerals of Jamaica LLC. (Salaried) Pension Plan and is currently a Director of C&WJCCUL.



# REPORT

## OF THE NOMINATING COMMITTEE, Continued

### DELROY FOSTER

Mr. Foster holds a BSc (Upper Second Class Honours) and a Diploma in Sugar Cane Processing from the University of the West Indies. Since 2000 Mr. Foster has held the positions of Senior Production Manager and Factory Operations Manager within J. Wray & Nephew (now Gruppo Campari). Mr. Foster has served the credit union movement for over 25 years and has served as a Director of the Jamaica Co-operative Credit Union League and was the Treasurer and Director of the St. Elizabeth Co-operative Credit Union Limited prior to its merger with C&WJCCUL in September 2018. Mr. Foster now serves as Director of the C&WJCCUL and is a member of the Arrears Management Committee.

### SHAUNEIL JAMES

Mr. Shauneil James is currently a businessman pursuing a life vision of building a conglomerate of small businesses. He has over 12 years' experience in the Telecommunication Industry within the Caribbean where he held leadership roles managing strategic functions such as Information and Communication Technology, Information Security, Physical Security, Business Continuity and Operational Risk Management. Mr. James was previously C&WJCCUL's Supervisory Committee Chair and is currently a Director of C&WJCCUL.

### CREDIT COMMITTEE

#### JUDITH CAWLEY

Mrs. Judith Cawley has been a member of the Credit Union for over 25 years and is currently employed to Guardsman Armoured Limited as the Deposit Processing and Treasury Manager. She was previously employed at National Commercial Bank Jamaica Limited as Remediation Lead and at Cable & Wireless where she held several senior roles, including Regional Billing Operations Lead, Head of Department-Billing and Billing Assurance Manager.

She is a dedicated professional with over 20 years' experience in Telecommunication, Change Management, Operations Management, Banking, Credit Control, Cash and Treasury Management, Risk Management, Billing and Revenue Assurance, Financial Management and Reporting. Mrs. Cawley is committed to success, with extensive working knowledge, skills and demonstrated achievement in her area of competence. She has a solid track record of improvements in business processes to ensure efficiency, customer satisfaction and continuous professional growth. She also served on

the Credit Committee of C&WJCCUL's for 10 years and chaired the Committee for 5 years. Mrs. Cawley holds an MBA in Finance and Banking from the University of Manchester (UK) and a Bachelor of Science Degree (Hons.) in Management Studies from the University of the West Indies.

#### NORMA Warburton-Thomas

Mrs. Norma Warburton-Thomas is a graduate of the Queens High School. She joined the National Water Commission in 1991 where she is currently the Manager Financial Accounting with direct responsibility for the Corporate Account Payables and the Plant Accounting Department. She served on the Credit Committee of the National Water Commission Cooperative Credit Union for over ten years and chaired the committee for the last two years. She is an ACCA affiliate having completed all three levels of ACCA.

#### TREVOR CAMERON

Mr. Cameron has been employed at the Appleton Estate Sugar Factory since 2000 and is currently the Section Engineer-Process House, Pumps and Workshop. He has over 26 years' experience in the Sugar Manufacturing Industry with direct involvement in process control, product quality and process efficiency, the maintenance and monitoring of unit equipment and supervision of a diverse workforce. He holds a BSc in Chemical Engineering from the University of the West Indies (UWI), St. Augustine, and a Professional Certificate in Production/Operation Management from the University of the West Indies Continuing Studies, Kingston. Over the years he has received numerous awards and certificates from courses, seminars, and workshops that have enhanced his professional and personal development. Mr. Cameron is currently a member of C&WJCCUL's Credit Committee.

### SUPERVISORY COMMITTEE

#### RICHARD MEGGO

Dr. Richard Meggo is currently employed to the Rose Hall Development Limited in the position of Chief Water Distribution Manager. Dr. Meggo is a Civil and Environmental Engineer with over 23 years of experience with the National Water Commission, where he held the position of Operations Manager, Western Region. He holds a Ph.D. in Civil and Environmental Engineering from the University of Iowa and an M.Sc. in Environmental Engineering from the International Institute of Infrastructural, Hydraulic and Environmental

# REPORT

## OF THE NOMINATING COMMITTEE, Continued

Engineering, UBESCO-IHE (Delft, the Netherlands). Dr. Meggo served as a C&WJCCUL Director for the period 2016-2018 and is currently a member of C&WJCCUL's Supervisory Committee.

#### KEVRON CAINE

Mr. Caine has been employed to Pepsi Cola Jamaica since 2013 in the area of Operations Supervision. He has been a volunteer of the former D&G Employees Co-operative Credit Union and now serves on the Supervisory Committee of C&WJCCUL. Mr. Caine holds a Bachelor's Degree in Industrial Engineering (Honors) with a major in Engineering Management from the University of Technology (UTECH).

#### GEORGE MORRIS

Mr. Morris is a former President of the Appleton Co-operative Credit Union, which merged with St. Elizabeth Co-operative Credit Union (St. Elizabeth Co-operative Credit Union later merged with C&WJCCUL in September 2018). Mr. Morris is currently a serving member of C&WJCCUL's Supervisory Committee and is also a member of the Lay Magistrates Association of Jamaica serving as a Justice of the Peace (J.P.) for the parish of St. Elizabeth. He is a graduate of the College of Arts Science and Technology, now University of Technology (UTECH) where he attained a Higher National Diploma (HND) Certificate in Mechanical Engineering, Mr. Morris also holds a Degree in Mechanical Engineering from the University of the West Indies (UWI), St. Augustine Campus.

#### PAUL BERNARD

Mr. Bernard is currently the Deputy Superintendent assigned to the Clarendon Division as the Acting Operations Officer. He has been employed to the Jamaica Constabulary Force for over 33 years. Mr. Bernard has served in other capacities including volunteer of the former St. Elizabeth Co-operative Credit Union and now serves on the Supervisory Committee of C&WJCCUL. He has earned the Lasco Top Cop Award for a number of years.

#### ROHAN SAUNDERS

Mr. Saunders is a Member of the Association of Chartered Accountants. He is currently employed to JAMALCO/General Alumina Jamaica L.L.C. as Senior Property and Accounts Receivables Accountant and previously worked with the National Water Commission as an Internal Auditor. He holds ACCA certification and a Bachelor of Business Administration (BBA) in Accounting. Mr. Saunders has previously served on the CWJCCUL's pervisor Committee.

#### SHORNA ANDERSON

Miss Anderson is currently employed to Flow Jamaica and has been a Manager in the Finance Shared Service Centre since 2010. She holds a Master's in Business Administration specialising in Banking and Finance and is a Fellow of both the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants of Jamaica (ICAJ). She previously served in the capacity of Chairperson, Secretary and Assistant Secretary on CWJCCUL's Supervisory Committee.

#### MICHAEL SUTHERLAND

Michael Sutherland is a Certified Information Systems Auditor and a Certified Business Continuity Lead Implementer. He holds a Bachelor of Science Degree in Business Administration from the Northern Caribbean University and a Diploma in Electrical Engineering from the University of Technology. He is currently employed as the IT Security Manager at the Jamaica Broilers Group and currently serves as a member of the Jamaica Co-operative Credit Union League Limited (JCCUL) Supervisory Committee as well as a member of the Advisory Board for the Cybersecurity Degree Specialisation at the University of Technology. Mr. Sutherland previously served as a member of C&WJCCUL's Board and Supervisory Committee for a number of years.

  
.....  
Paulette Howell - Chairman

  
.....  
Faith Bertram

  
.....  
Carla Davy



DECEASED MEMBERS LISTING FOR 2019

Aaron Williams	Denise Robertson	Joseph Williams	Patrina Myer-Blake
Adrian Gaynor	Dennis Thomas	Joyce Hewitt	Pearl Francis
Albertha McGhie	Derrick Stewart	Juliet Graham	Peggy Samuels
Aldred Wedderburn	Desmond Frame	Kenneth Forbes	Percival Tulloch
Alvin Thomas	Devon Morrison	Kenrick Solomon	Perlina Muthra
Alzeta Virgo	Donald Lee	Kevin Samuels	Peter Miller
Andrew Kerr	Donna Beckford	Kirk Dockery	Phyllis Williams
Anthoni Paris	Donna Francis	Langley Murray	Ranford Thomas
Anto Clarke	Doreen Senior	Lascelles Ferguson	Rashaad Johnson
Avia Mitchell	Dorothy Gardiner	Lebert Mitchell	Rendel Douglas
Avis Hibbert	Dorothy McKenzie	Lebert Vanhorne	Rhodson Corbett
Barbara Cooper	Eayon Bell	Lee Davis	Rian Richards
Barrington West	Edith Bryan	Lemworth Pulchan	Richard Ingram
Beresford Cameron	Elaine McDonald-James	Lena Glaze	Richard Johnson
Beresford Heaven	Elsie Smith	Lenard Nelson	Robert Litchmore
Bernadette Brown-Neil	Elton Fushay	Leslie Kerr	Robert Smith
Bernard McCathry	Emerald Wellington	Leta Dunkley	Roshaine Griffiths
Bervick Foster	Emma Smith	Levi Edwards	Rowan Murray
Brian Powell	Enoch Dennis	Liz Reid	Samuel Black
Bridget Stephens	Errol Edwards	Lloyd Bennett	Samuel Brown
Bridgette Kerr	Errol Gracie	Lloyd Johnson	Selvin Allen
Canute Brown	Evelyn Salmon	Lloyd Maragh	Seymour Harriott
Caple Ferguson	Everald Tharkurdene	Lloyd Nichol	Seymour Smith
Carl Collins	Ferris Campbell-Dixon	Lucean Rattray	Shamar Tomlinson
Cavene Lewis	Fitzgerald Smith	Luklyn Lennon	Sharon Cummings
Charles Hamilton	Fredrick Stewart	Lunez Manning-Muir	Sharon Phillips
Charmaine Mahabeir	Geneva Mullings	Luton Shelton	Suzan Campbell
Chenroy Reeves	George Thomas	Lynelna Beckford	Sylvia Stephens
Christopher Powell	Glenroy Lewis	Marlon Godfrey	Tanya Codrington-Allen
Christopher Russell	Glenval Grant	Merl Bucknor	Taziana Blake
Claudine Merchant	Grace Williams	Merlene Wright	Terrence Pallard
Claudius Frazer	Headley Campbell	Merlin Baugh	Tevin Clarke
Clement McDonald	Henry Whyte	Michael Coates	Tyrone Foster
Clifford White	Hyacinth Malcolm	Michelle Lewis	Valda Mason
Clifton Hills	Hyacinth Spence	Millicent Calvin-Lebert	Vernal Bowlyn
ClaudetteCohen	Ian Thomas	Minerva Harrison	Victor Ellis
Collis Wilson	Icomay Witter-Thomas	Mitzie Steele	Violet Reid
Conroy Coote	Ida Campbell-Noble	Myrnel Grant	Virginia Miller
Dadson Cameron	Ida Samuels	Neil Warburton	Warren Nicholson
Dahlia Quest-Smith	Isolene Samuels	Nellie Mayne	Wenford Taylor
Dalton Lehyhaman	Ivy Palmer	Nicole Brown-McKenzie	William Callaghan
Damion Washington	Jascinth Simms	Ninell Anderson-Porter	Winston Harrison
Daniel Bryan	Jasper Douglas	Norman Headley	Wray Mendis
Daniel Wellington	Jean Pierre Rhone	Olga Sutherland	Yvonne Rhoden-Graham
Daphne Clarke	Jeanette Fraser	Orlando Rowe	Zena Welsh
Darrell Douglas	Jennifer Porter	Owen Foster	
Dave Lawrence	Jerome Sellis	Owen Spencer	
Delroy Salmon	John Allie	Patricia King-Daley	

God looked around His garden  
And found an empty place.  
He then looked down upon the earth  
And saw your tired face.  
He put His arm around you  
And lifted you to rest.  
God's garden must be beautiful  
He always takes the best.

Anonymous



# VOLUNTEERS / COMMITTEES

## WHO SERVED US FROM MAY 2019 – APRIL 20

### BOARD OF DIRECTORS

Mr. Condell Stephenson	President
Mr. Michael Dunn	1st Vice President
Mr. Austin Brown	2nd Vice President
Mrs. Ashlyn Malcolm	Treasurer
Mr. Bornette Donaldson	Assistant Treasurer
Mrs. Terrie-Ann Bennett	Secretary
Mrs. Pauline Thompson	Assistant Secretary
Mr. Peter Scott	Director
Mr. Christopher Buckmaster	Director
Mr. Shauneil James	Director
Mr. Winston Green	Director
Ms. Paulette Howell	Director
Mr. Delroy Foster	Director

### CREDIT COMMITTEE

Ms. Natalie Stanford	Chairman
Mrs. Norma Warburton-Thomas	Secretary
Mr. Clifton Atkinson	Member
Mr. Trevor Cameron	Member
Mr. Charles Hanson	Member

### SUPERVISORY COMMITTEE

Mr. Darren Brown	Chairman
Mrs. Dionne Mason-Gordon	Secretary
Mr. Daniel Scott	Member
Mr. Richard Meggo	Member
Mr. Kevron Caine	Member
Mr. George Morris	Member
Mr. Paul Bernard	Member

### INFORMATION TECHNOLOGY COMMITTEE

Mrs. Pauline Thompson	Chairman
Mr. Derron Seville	Secretary/Staff
Mrs. Ashlyn Malcolm	Member
Mr. Austin Brown	Member
Mr. Shauneil James	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff

### EXECUTIVE COMMITTEE

Mr. Michael Dunn	Chairman
Mrs. Terrie-Ann Bennett	Member
Mrs. Ashlyn Malcolm	Member
Mr. Condell Stephenson	Member

### EDUCATION COMMITTEE

Ms. Paulette Howell	Chairman
Ms. Brenda Reid	Secretary/Staff
Mr. Christopher Buckmaster	Member
Mrs. Terrie-Ann Bennett	Member
Mr. Peter Scott	Member
Mr. Winston Green	Member
Mr. Leslie Mills	Honorary Member
Mr. Carlton Barclay	Member/Staff

### ASSET LIABILITY MANAGEMENT COMMITTEE

Mrs. Ashlyn Malcolm	Chairman
Mrs. Joyce West-Johnson	Secretary/Staff
Mr. Condell Stephenson	Member
Mr. Michael Dunn	Member
Mr. Bornette Donaldson	Member
Mr. Austin Brown	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Sacha Vaccianna-Riley	Member/Staff
Mrs. Tracy-Ann Henry-Williams	Member/Staff
Ms. Jacqueline Miller	Member/Staff

### ARREARS MANAGEMENT COMMITTEE

Mr. Bornette Donaldson	Chairman
Ms. Sheron Bryan	Secretary/Staff
Mrs. Ashlyn Malcolm	Member
Mr. Delroy Foster	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mrs. Tracy-Ann Henry-Williams	Member/Staff
Mrs. Sacha Vaccianna-Riley	Member/Staff

### POLICY REVIEW COMMITTEE

Mr. Michael Dunn	Chairman
Mrs. Joyce West-Johnson	Secretary/Staff
Mrs. Ashlyn Malcolm	Member
Mrs. Pauline Thompson	Member
Mr. Peter Scott	Member
Mr. Winston Green	Member
Mr. Carlton Barclay	Member/Staff

### ENTERPRISE RISK MANAGEMENT COMMITTEE

Mr. Condell Stephenson	Chairman
Mrs. Sacha Vaccianna-Riley	Secretary/Staff
Mr. Michael Dunn	Member
Mr. Bornette Donaldson	Member
Mrs. Pauline Thompson	Member
Mr. Shauneil James	Member
All members of the Management Team	

2020 calls us to vision for our members, with creativity and ingenuity. Our **MEMBER FOCUS** strategy for 2020 will come alive. It is a promise that our business will rise to the challenge of rebuilding and reforming for the financial wellbeing of our members.

Condell Stephenson  
*President*





**Community & Workers of Jamaica**  
**Co-operative Credit Union Ltd.**   
**C&WJ**

**HEAD OFFICE: 51 HALF WAY TREE ROAD, KINGSTON 10**

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