

## 2020 ANNUAL REPORT

# instilling hope

*Celebrating 60 Years!*



876-936-3800 | [WWW.CWJCU.COM](http://WWW.CWJCU.COM) | [INFO@CWJCU.COM](mailto:INFO@CWJCU.COM)



Pay without worry  
**anytime,  
anywhere!**

WITH C&WJCCU  
Prepaid Mastercard®



LINE OF  
CREDIT



SHOP  
ONLINE



PAY  
BILLS



VERY LOW  
FEES



CHIP & PIN  
PROTECTION

**Apply today!**

See [www.cwjcu.com](http://www.cwjcu.com) for more details



Discover The  
Benefits of **Belonging**

876-936-3800 | [WWW.CWJCU.COM](http://WWW.CWJCU.COM) | [INFO@CWJCU.COM](mailto:INFO@CWJCU.COM)

## C&WJ CO-OPERATIVE CREDIT UNION LIMITED PROGRESS REPORT (1961 - 2020)

YEARS	MEMBERS	SHARES	DEPOSITS	LOANS	EARNINGS			ASSETS
		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
2020	131,767	4,422,510,352	10,578,661,279	13,242,829,278	2,380,346,486	1,961,977,171	418,369,315	19,564,237,245



instilling  
**hope**

## **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





# TABLE OF CONTENTS

- 8. Notice & Agenda
- 10. Ten Year Financial Performane
- 12. Minutes of the 56th Annual General Meeting
- 18. Board of Directors
- 22. Report of the Board of Directors
- 28. Management Team
- 30. Management Report
- 36. Branch Managers
- 38. Event Highlights
- 46. A Look Back at our History
- 48. The Treasurer’s Report
- 54. Auditors’ Report & Financial Statements
- 144. Report of the Credit Committee
- 148. Report of the Supervisory Committee
- 151. Report of the League Delegates
- 153. Report of the Nominating Committee
- 158. Deceased Members
- 160. Volunteers / Committees



## NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the **57th Annual General Meeting** of  
Community & Workers of Jamaica Co-operative Credit Union Limited  
will be held in hybrid format

on:

**Wednesday, May 5, 2021, at 3 pm.**

(1) to transact the ordinary business of the society

(2) to consider, and if thought fit, to approve a Resolution submitted by the Board of Directors in respect of an amendment of the Rules of the Community & Workers of Jamaica Co-operative Credit Union for meetings of members of the Society to be conducted by attendance at a physical location, or by virtual-only or by hybrid-meeting. A copy of the full resolution is available on our website.

Members are invited to register to attend the meeting online due to COVID-19 restrictions and protocols and for our mutual health and safety.

For more information on attendance, registration and the voting process please visit

<https://cwjcu.com/agm> or call Customer Care at **876-936-3800**

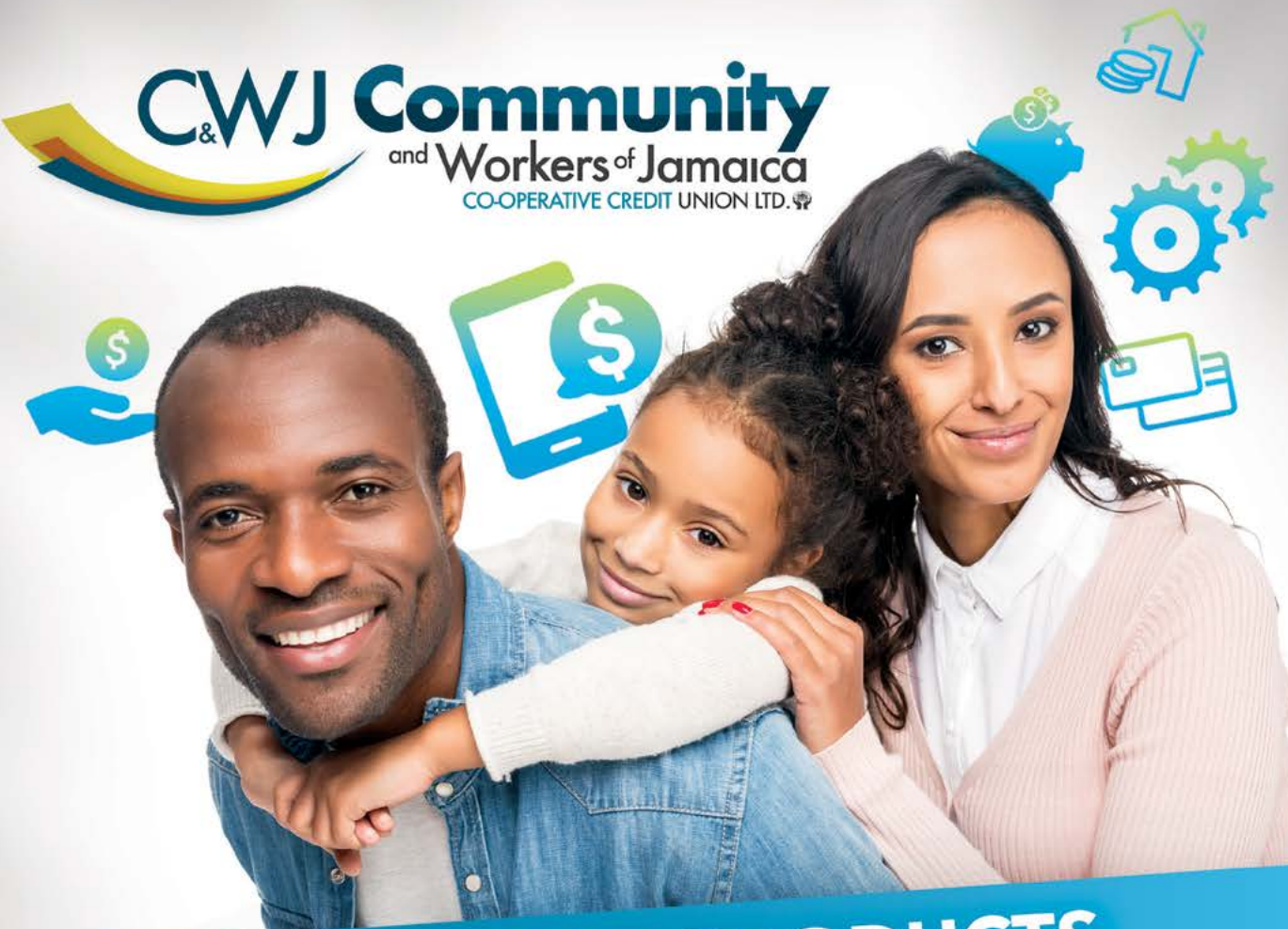
SIGNED:



Pauline Thompson (Mrs.)  
Secretary, Board of Directors

### AGENDA

- |   |  |
|---|--|
| 1. Ascertaining that a quorum is present  | (ii) Fixing of Maximum Liability   |
| 2. Apologies  | (d) Report of the Credit Committee   |
| 3. Chairman's Opening Remarks and Acknowledgement of Members                              | (e) Report of the Supervisory Committee  |
| 4. Prayer   | (f) Report of the League Delegates   |
| 5. Motion to adopt the Agenda   | (g) Report of the Nominating Committee   |
| 6. Resolution to amend the Rules  | 10. Elections to:-   |
| 7. Notice of Meeting  | (a) Board of Directors   |
| 8. Minutes of the Fifty-sixth (56th) Annual General Meeting and Matters Arising Therefrom | (b) Credit Committee   |
| 9. Consideration of:-   | (c) Supervisory Committee  |
| (a) Report of the Board of Directors  | (d) Management of Other Registered Societies (See Nominating Committee's Report) |
| (b) Management's Report   | 11. Any Other Business   |
| (c) Treasurer's & Auditors' Reports   | 12. Presentation of Prizes   |
| (i) Appropriation of Surplus  | 13. Adjournment  |



## 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

- S.A.Y.E (Save As You Earn)
- Express Salary Deposit
- Golden Anchor
- Long Term Savings (LSA)
- Term Deposit
- Ordinary Shares
- Ordinary Deposits
- Partner Savings Plan
- Christmas Club
- Deferred Shares
- Treasure Chest
- Educator Flex



### SERVICES

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



## C&WJ CO-OPERATIVE CREDIT UNION LIMITED 10 YEAR FINANCIAL PERFORMANCE

### FINANCIAL POSITION (\$M)

	2020	2019	2018	2017
Total Assets	19,564.2	17,757.7	16,019.9	11,535.9
Loans to Members	13,242.8	12,653.8	10,664.4	8,541.8
Liquid Assets & Investments	4,951.4	3,726.8	3,842.5	1,960.6
Savings Deposits	10,578.7	9,436.5	9,229.0	6,445.2
Voluntary Shares	4,422.5	3,987.0	3,331.0	2,901.8
Shareholders Equity	3,454.0	3,063.0	2,664.2	1,779.7
Institutional Capital	2,669.8	2,932.6	2,569.6	1,600.5

### INCOME & EXPENDITURE (\$M)

Total Revenue	2,380.3	2,307.1	1,696.9	1,620.6
Interest Expense	341.0	361.5	331.4	269.5
Operating Expenses	1,457.4	1,474.5	1,156.3	912.0
Net Income after Int on Shares	418.4	347.7	102.4	381.0

### RATIOS

#### PROTECTION

Loan Loss Allowance / Delinquent > 12 Mths	100%	100%	100%	100%
--	------	------	------	------

#### EFFECTIVE FINANCIAL STRUCTURE

Net Loans / Total Assets	67.7%	71.3%	66.6%	74.0%
Total Savings / Total Assets	76.7%	75.6%	78.4%	81.0%
Institutional Capital / Total Assets	13.6%	16.5%	16.0%	13.9%
Loans / Deposits	88.3%	94.3%	84.9%	91.4%

#### ASSET QUALITY

Total Delinquency / Gross Loan Portfolio	2.5%	2.99%	7.2%	2.1%
Non Earning Assets / Total Assets	8.2%	11.2%	9.4%	9.0%

#### RATES OF RETURN & COSTS

Net Loan Income / Avg Net Loan Portfolio	14.3%	13.9%	13.3%	13.5%
Liquid Investment Income / Avg Liquid Investments	2.5%	3.5%	4.4%	6.7%
Fin Investment Income / Avg. Fin Investments	4.7%	3.9%	3.1%	3.9%
Financial Costs: Savings & Deposits / Avg Savings Deposits	1.4%	1.6%	1.9%	2.1%
Gross Margin / Average Assets	10.1%	10.9%	9.3%	11.9%
Operating Expenses / Avg Assets	7.8%	8.7%	8.4%	8.3%
Net Income / Avg Assets (ROA)	2.2%	2.1%	0.7%	3.5%
Interest Income / Earning Assets	11.2%	11.2%	9.6%	11.2%
Interest Expense / Interest Bearing Liabilities	2.1%	2.4%	2.4%	2.8%
Spread	9.1%	8.8%	7.2%	8.4%

#### LIQUIDITY

Liquidity Reserves / Total Savings Deposits	22.0%	17.6%	19.6%	13.4%
Liquid Assets / Total Assets	15.9%	12.3%	15.4%	10.9%

#### GROWTH

Loans	4.7%	18.7%	27.5%	20.6%
Savings Deposits	12.1%	2.2%	43.2%	7.0%
Ordinary Shares	10.9%	19.7%	14.8%	1.9%
Institutional Capital	-9.0%	14.1%	60.6%	21.6%
Membership	3.2%	4.3%	42.2%	4.7%
Total Assets	10.2%	10.8%	38.9%	9.7%

	2016	2015	2014	2013	2012	2011
Total Assets	10,499.6	8,449.5	7,711.0	7,460.0	4,606.0	4,509.9
Loans to Members	7,081.6	5,196.9	4,211.6	4,268.3	2,905.8	2,449.0
Liquid Assets & Investments	2,457.6	2,429.0	2,806.3	2,491.2	1,430.1	1,771.9
Savings Deposits	5,890.4	5,149.7	4,721.2	4,507.1	2,964.8	2,926.6
Voluntary Shares	2,848.6	1,883.6	1,690.7	1,668.4	867.3	820.0
Shareholders Equity	1,396.6	1,103.2	1,003.1	984.9	536.1	523.1
Institutional Capital	1,316.3	1,044.6	960.0	928.9	503.8	476.0

Total Revenue	1,139.4	982.1	915.4	726.9	612.9	581.2
Interest Expense	247.2	268.7	263.2	205.7	169.7	174.1
Operating Expenses	766.0	655.3	596.2	484.7	373.6	355.6
Net Income after Int on Shares	76.7	45.7	27.9	69.2	20.3	49.8

Net Loans / Total Assets	67.4%	61.5%	54.6%	57.2%	63.1%	54.3%
Total Savings / Total Assets	83.2%	83.2%	83.2%	82.8%	83.2%	83.1%
Institutional Capital / Total Assets	12.5%	12.4%	12.4%	12.5%	10.9%	10.6%
Loans / Deposits	81.0%	73.9%	65.7%	69.1%	75.8%	65.4%

Total Delinquency / Gross Loan Portfolio	4.8%	4.3%	7.4%	8.5%	5.0%	6.9%
Non Earning Assets / Total Assets	9.1%	9.7%	9.0%	9.4%	6.0%	6.4%

Net Loan Income / Avg Net Loan Portfolio	12.6%	3.4%	13.3%	13.0%	14.9%	18.3%
Liquid Investment Income / Avg Liquid Investments	7.2%	7.9%	9.9%	6.4%	6.3%	6.9%
Fin Investment Income / Avg. Fin Investments	4.1%	4.6%	5.7%	7.7%	8.7%	10.3%
Financial Costs: Savings & Deposits / Avg Savings Deposits	2.3%	3.0%	3.1%	3.1%	3.5%	3.99%
Gross Margin / Average Assets	9.0%	8.8%	8.3%	9.2%	8.7%	9.9%
Operating Expenses / Avg Assets	8.1%	8.1%	7.9%	8.0%	8.2%	8.61%
Net Income / Avg Assets (ROA)	0.8%	0.6%	0.4%	1.1%	0.4%	1.21%
Interest Income / Earning Assets	9.6%	10.5%	11.1%	8.9%	11.9%	12.2%
Interest Expense / Interest Bearing Liabilities	2.7%	3.6%	3.9%	3.2%	4.4%	4.6%
Spread	6.9%	6.9%	7.2%	5.7%	7.6%	7.6%

Liquidity Reserves / Total Savings Deposits	16.0%	27.2%	31.0%	28.00%	17.17%	26.06%
Liquid Assets / Total Assets	13%	17.1%	20.8%	23.4%	15.0%	21.6%

Loans	36.3%	23.4%	-1.3%	46.9%	18.7%	34.6%
Savings Deposits	14.4%	9.1%	4.8%	52.0%	1.3%	48.8%
Ordinary Shares	51.2%	11.4%	1.3%	92.4%	5.8%	35.1%
Institutional Capital	26.0%	8.8%	3.3%	84.4%	5.8%	15.7%
Membership	11.3%	10.2%	4.9%	86.1%	4.7%	103.1%
Total Assets	24.3%	9.6%	3.4%	62.0%	2.1%	41.0%





# MINUTES OF THE 56TH ANNUAL GENERAL MEETING OF THE COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION LIMITED

HELD ON SATURDAY, SEPTEMBER 26, 2020

AT THE JAMAICA CONFERENCE CENTRE, 14-20 PORT ROYAL STREET, KINGSTON

## 1. Quorum of the Meeting

The Chairman, Mr. Condell Stephenson, called the meeting to order at 10:02 am.

The Chairman informed the meeting that there was a quorum as 149 members were present.

## 2. Apology for Absence

Apologies for absence were tendered on behalf of Director Michael Dunn, Secretary Terrie-Ann Bennett, former Secretary Michael Sutherland and Ms. Judith Cawley, former Chairman of the Credit Committee.

### 2.1 Safety Protocol

The Chairman informed the members of the safety protocols for the AGM and encouraged them to play their part in helping to minimise the spread of the Coronavirus, COVID-19.

## 3. Prayer

The Treasurer, Mrs. Ashlyn Malcolm, led the meeting in prayer.

## 4. 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; Algje Dale; Lloyd Gayle and Arthur Hylton.

Past Members: The Chairman referred the meeting to the List of Members who had passed during 2019 which was on page 149 of the Annual Report.

## 5. Reading of the Notice and Convening of the Meeting

Mrs. Pauline Thompson, Assistant Secretary, read the Notice to convene the 56th Annual General Meeting.

## 6. 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. He thanked the members for their attendance during this challenging time and explained that the

56th AGM would be shortened due to the COVID-19 pandemic.

A special welcome was extended to members who were viewing the meeting via livestream.

The Chairman extended special recognition to the following guests present:

Mrs. Vanessa Port-Allen and Miss Tanesha Facey of the Department of Co-operatives and Friendly Societies; Miss Vera Lindo of the Jamaica Co-operative Credit Union League Limited; Mr. Carl Bryan, Stenographer; Mr. Herbert Duval, former General Manager of NWC Co-operative Credit Union Limited; Miss Cynthia Lawrence of KPMG Jamaica; and immediate Past President Mr. Pete Smith.

## 7. Adoption of the Minutes of the 55th Annual General Meeting

The Chairman referred the meeting to the Minutes of the 55th Annual General Meeting on pages 10 to 15 in the Annual Report. He requested a motion that the Minutes of the Annual General Meeting held on Saturday, April 27, 2019, be taken as read. The motion was moved by Director Shauneil James, seconded by Director Peter Scott and carried by the meeting.

There was no correction to the Minutes of the 55th Annual General Meeting.

The Minutes of the 55th Annual General Meeting were approved on a motion moved by Director Delroy Foster, seconded by Director Paulette Howell and carried by the meeting.

### 7.1 Matters Arising from the Minutes of the 55th Annual General Meeting

There was no matter arising from the Minutes.

The Chairman reminded the meeting of the COVID-19 safety protocols to be observed for the meeting. He also informed the meeting of the procedure for the collection of the pre-packaged meals.

## 8. The Reports

On a motion moved by Director Austin Brown, seconded by Director Winston Green and carried by the meeting, the reports

of the Board of Directors, Management's Report, Treasurer's and Auditor's Reports, Reports of the Credit Committee and the Supervisory Committee, the League Delegates and the Nominating Committee were all taken as read en bloc.

### 8.1 Report of the Board of Directors

Before starting his presentation, the Chairman informed the meeting of the online access and WhatsApp number that members could use to ask questions. For the members who were physically present, they could speak to someone at the help desks located at the back of the room.

The Chairman referred the meeting to the Report of the Board of Directors on pages 20 to 26.

The Chairman informed the meeting that C&WJCCUL achieved strong financial performance in 2019 as a result of the focused implementation of its strategies and the reinforcement of core leadership values together with the Credit Union's philosophy that the financial well-being of the members was its reason for being.

The Board of Directors emphasized its continued commitment to the culture of communities and workers by consciously engaging the changes necessary to build value for the members through prudent leadership, sound risk management, steady focus on operational strength, adaptability in technology and creating more opportunities for outstanding customer experience.

### The C&WJCCUL Credit Union Performance

The Credit Union's financial position was undergirded by a strong capital base. The growth in Institutional Capital for the period 2019 was \$363 Million or 14% above 2018.

The Chairman recognised and thanked the Directors who served during 2019:

- Mr. Michael Dunn
- Mr. Austin Brown
- Mrs. Terrie-Ann Bennett
- Mrs. Pauline Thompson
- Mr. Christopher Buckmaster
- Mrs. Ashlyn Malcolm
- Mr. Peter Scott
- Mr. Delroy Foster
- Mr. Winston Green
- Mr. Bornette Donaldson
- Ms. Paulette Howell

Chairman Stephenson also mentioned the following persons who also served during 2019:

- Mr. Pete Smith, Past President
- Ms. Bobette Rigg, Past Treasurer
- Ms. Norma Neil, Past Director

The Chairman advised that with the resignation of Ms. Rigg, Mr. Shauneil James was co-opted to be a member of the Board

of Directors.

In conclusion, the Chairman, on behalf of the Board of Directors, expressed appreciation and gratitude for the opportunity to have served the members of C&WJCCUL.

The Report of the Board of Directors was adopted on a motion moved by Director Ashlyn Malcolm, seconded by Director Peter Scott and carried by the meeting.

### 8.2 The Management Report

The Management Report was on pages 30 to 35 of the Annual Report.

The Chief Executive Officer, Mr. Carlton Barclay reported that the Credit Union performed exceptionally well for the year ended December 31, 2019.

Mr. Barclay highlighted the following strategic priorities for 2019:

#### • Building Value for Members

In 2019 members were accessing and using the Credit Union's online transaction platform which meant that they no longer had to visit or go into the branches for certain transactions as there were other means of accessing their accounts. The Credit Union had its own Mastercard which greatly increased member value.

#### • Member Satisfaction

The Credit Union managed to achieve a member satisfaction score of 97%. The areas most appreciated by the members were the level of customer service by the branches, ease of doing business, opening hours and the professionalism of the staff.

#### • Improving Technology

The Credit Union's core banking system was fully expanded and enabled to support its business processes.

#### Regulatory Framework

- C&WJCCUL had met all the regulatory requirements of the Bank of Jamaica.
- The Credit Union was fully compliant with all the PEARLS Ratios used by the Jamaica Co-operative Credit Union League.
- Policies and procedures were in place to ensure that the Credit Union was compliant in all areas of Know Your Customer (KYC) and the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) Laws.

#### • Corporate Social Responsibility

During 2019, the Credit Union continued to build lives and communities with special emphasis on education and youth





MINUTES OF THE 56TH ANNUAL GENERAL MEETING, CONTINUED

development through its Secondary School Assistance Programme (SSAP). The Credit Union also supported the social requirements of its members especially the elderly.

Financial Performance

- Total Assets increased by \$1.74 billion to \$17.76 billion or 10% above the 2018 value of \$16 billion.
- Growth in loans to members was \$1.99 billion or 18.65% over 2018.
- Savings grew by \$863.8 million to \$13.4 billion or 6.9% for the period 2019.
- The Credit Union realised Net Surplus of \$347.7 million for the year 2019.
- The Credit Union increased its capital base by \$314 million in 2019.

Looking to the Future

For the financial year 2020, C&WJCCUL will look to further consolidate its business processes and to build on gains from 2019.

In conclusion, Mr. Barclay stated that the Board and Management have recognised the heightened risks associated with the pandemic and were closely monitoring the situation. He assured the members that the Credit Union had performed very well thus far and would continue to do well in 2020.

Mr. Barclay addressed questions from the members regarding the Deferred Shares listing on the Jamaica Stock Exchange and growth in assets.

The Management Report was adopted on a motion moved by Mrs. Tracy-Ann Henry-Williams, seconded by Mr. Pete Smith and carried by the meeting.

8.3 The Treasurer’s Report

**8.3.1 Auditor’s Report and Financial Statements for the Year 2019**  
The Chairman invited the Auditor, Miss Cynthia Lawrence from KPMG Jamaica to present the Auditors’ Report which was on page 55 of the Annual Report. The report was read by Miss 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, 2019, in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

8.3.2 The Treasurer’s Report

The Treasurer, Mrs. Ashlyn Malcolm, referred the meeting to the Treasurer’s Report on pages 46 to 133 of the Annual Report inclusive of the Auditors’ Report and Financial Statements. Treasurer Malcolm advised that the Credit Union performed very well in 2019. She highlighted the following:

- The Credit Union achieved organic growth of over \$1.7 Billion (10.85%) in Total Assets to conclude the financial year at \$17.76 Billion which placed C&WJCCUL as the top-ranked Credit Union in terms of assets. This was confirmed by the Jamaica Co-operative Credit Union League’s December 2019 unaudited Financial Performance Report.
- C&WJCCUL generated a Net Surplus of \$347.7 Million. This represented an increase of over 230% above the corresponding period which was the second highest net surplus generated by the Credit Union since its inception. This performance was against the backdrop of a significant reduction in market interest rates, plus high operating costs. Based on all the results, the Board of Directors recommended an increase in the dividend distribution to members to 8% from the surplus for 2019.

Treasurer Malcolm concluded her presentation by thanking the members for their continued support; the Management and Staff and the Board of Directors for their continued work and effort to ensure that C&WJCCUL is the number one Credit Union in Jamaica.

Treasurer Malcolm addressed questions from the membership concerning the statutory reserve.

The Treasurer’s Report, Auditor’s Report and Financial Statements were adopted on a motion moved by Director Delroy Foster, seconded by Ms. Greta Jackson and carried by the meeting.

8.3.3 Appropriation of Surplus

Treasurer Malcolm referred the meeting to page 50 of the Annual Report. She presented the Board’s recommendation for the appropriation of the 2019 surplus as follows:

	\$’000
Surplus available for distribution	364,871
Statutory Reserves	(314,172)
Share Transfer Fund	( 10,000)
<b>Dividend for Membership</b>	
Qualification shares 8%	( 21,699)
Honoraria	( 9,000)
Education Reserve	( 5,000)
Disaster & Social Outreach	( 5,000)

The appropriation of the Surplus as presented by the Treasurer was approved on a motion moved by Ms. Shorna Anderson, seconded by Mr. Darren Brown and carried by the meeting.

8.3.4 Fixing of Maximum Liability

In keeping with Rule 74, 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.

The Chief Executive Officer, Mr. Barclay addressed questions from the membership concerning the fixing of the Maximum Liability for loans that the Board of Directors may borrow.

The Fixing of the Maximum Liability was approved on a motion moved by Mr. Barry Wilson, seconded by Ms. Yvonne Williams and carried by the meeting.

8.4 Report of the Credit Committee

The Chairman referred the meeting to the Report on pages 134 to 137 of the Annual Report. He 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. Andrea Mumby, seconded by Mrs. Joyce West-Johnson and carried by the meeting.

8.5 Report of the Supervisory Committee

The Chairman referred the meeting to the Report on pages 138 to 140 of the Annual Report. He invited questions in relation to the Report of the Supervisory Committee.

There being no question, the Report of the Supervisory Committee was adopted on a motion moved by Mr. Delroy Goode, seconded by Ms. Faithe McGhie and carried by the meeting.

8.6 Report of the League Delegates

The Chairman referred the meeting to the Report on pages 141 to 143 of the Annual Report.

The Report of the League Delegates was adopted on a motion moved by Mrs. Gayle Brown-Ellington, seconded by Mrs. Sacha Vacciana-Riley and carried by the meeting.

9. Elections

Report of the Nominating Committee

The Chairman referred the meeting to the Report on pages 144 to 147 of the Annual Report. The Chair of the Nominating Committee, Miss Paulette Howell, presented the Report. She informed the meeting of the following amendments to the Report:

Members retiring at the 2020 Annual General Meeting:

- Austin Brown
- Winston Green
- Shauneil James
- Delroy Foster
- Christopher Buckmaster
- Terrie-Ann Bennett
- Peter Scott

Members retiring at the Annual General Meeting in 2021:

- Condell Stephenson
- Paulette Howell
- Pauline Thompson
- Michael Dunn
- Ashlyn Malcolm
- Bornette Donaldson

In keeping with the foregoing, the Committee recommended that the following Directors be elected to serve for the term adjacent to their names:

- |                          |         |
|--------------------------|---------|
| • Winston Green          | 2 years |
| • Christopher Buckmaster | 2 years |
| • Austin Brown           | 2 years |
| • Shauneil James         | 2 years |
| • Delroy Foster          | 2 years |

Ms. Howell concluded her presentation by inviting the members to read the profiles of the nominees.

The Nominating Committee Report was adopted on a motion moved by Ms. Althea Gordon-Reeves, seconded by Mr. Dennis Dawes and carried by the meeting.

Mrs. Porter-Allen of the Department of Co-operatives and Friendly Societies conducted the elections.

(a) Board of Directors

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

- |                          |         |
|--------------------------|---------|
| • Winston Green          | 2 years |
| • Christopher Buckmaster | 2 years |
| • Austin Brown           | 2 years |
| • Shauneil James         | 2 years |
| • Delroy Foster          | 2 years |

Nominations were requested from the floor three (3) times by Mrs. Porter-Allen. There being no other nominations from the floor for the Board of Directors, these persons were duly elected to serve.

(b) Credit Committee

Members retiring at the 2020 Annual General Meeting were:

- Natalie Stanford
- Norma Warburton-Thomas
- Trevor Cameron

The members listed below were nominated by the Committee to fill the three (3) vacancies on the Credit Committee for the term adjacent to each nominee:

- |                          |         |
|--------------------------|---------|
| • Norma Warburton-Thomas | 2 years |
| • Trevor Cameron         | 2 years |
| • Judith Cawley          | 2 years |

Nominations were requested from the floor three (3) times by Mrs. Porter-Allen. There being no other nominations from the



floor for the Credit Committee, these persons were duly elected to serve.

**(c) Supervisory Committee**

Members retiring at the 2020 Annual General Meeting were:

- Darren Brown
- Dionne Mason-Gordon
- Daniel Scott
- Richard Meggo
- Kevron Caine
- Paul Bernard
- George Morris

The members listed below were nominated by the Committee to fill the seven (7) vacancies on the Supervisory Committee for a term of one year:

- Richard Meggo
- Kevron Caine
- Paul Bernard
- George Morris
- Rohan Saunders
- Shorna Anderson
- Michael Sutherland

Nominations were requested from the floor three (3) times by Mrs. Porter-Allen. There being no other nominations from the floor for the Supervisory Committee, these persons were duly elected to serve for one (1) year.

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

There being no other nominations from the floor the following persons were duly elected to serve as delegates for the Registered Societies:

**Delegates to the Jamaica Co-operative Credit Union League (JCCUL)**

- The President-Elect
- Chief Executive Officer

**Delegates to the Jamaica Co-operative Insurance Agency (JCIA)**

- The Treasurer-Elect
- Chief Executive Officer

**Delegates to Quality Network Co-operative Limited (QNET)**

- The President-Elect
- Chief Executive Officer

The motion to accept the results of the elections of the Board of Directors, Credit Committee, Supervisory Committee and delegates to the Jamaica Co-operative Credit Union League, the Jamaica Co-operative Insurance Agency (JCIA) and Quality Network Co-operative Limited (QNET) was moved by Ms. Yvonne Williams, seconded by Mr. Barry Wilson and carried by the meeting.

The Chairman congratulated those members who were duly elected to serve on the Board of Directors, Credit and Supervisory Committees and Delegates to the other Registered Societies. He also thanked the following members who were retiring at this AGM for their service and support over the years:

**Board of Directors**

- Mrs. Terrie-Ann Bennett - Secretary
- Mr. Peter Scott - Director

**Supervisory Committee**

- Mr. Darren Brown - Chairman
- Mrs. Dionne Mason-Gordon - Member
- Mr. Daniel Scott - Member

**Credit Committee**

- Natalie Stanford - Chairman

**10. Any Other Business**

In closing, the Chairman reminded the meeting of the COVID-19 protocol and the format for the collection of the pre-packaged lunch.

**11. Adjournment**

The meeting adjourned at 11:25 am.

*Pauline Thompson*

Pauline Thompson (Mrs.)  
Secretary, Board of Directors

# A LOAN TO SUIT YOUR LIFESTYLE? WE MAKE IT POSSIBLE!

*We offer loans with the Finest Rates and Terms that will assist with achieving your goals in no time:*

**Motor Vehicle, Debt Consolidation, Mortgage, Home Improvement, Back-to-school loan, Education Loan, Hire Purchase, Insurance Premium, Agricultural Loan**

- ✓ 24 Hour Approval
- ✓ Competitive Rates
- ✓ Great Terms
- ✓ Online Loan Application

\* Conditions apply

**Discover The  
Benefits of  
Belonging!**

**C&WJ Community**  
and **Workers of Jamaica**  
CO-OPERATIVE CREDIT UNION LTD. ®



876-936-3800 | WWW.CWJCU.COM | INFO@CWJCU.COM



**BOARD OF DIRECTORS**



Bornette Donaldson  
**2nd Vice President**

Condell Stephenson  
**President**

Austin Brown  
**1st Vice President**

Ashlyn Malcolm  
**Treasurer**

Delroy Foster  
**Assistant Treasurer**

Pauline Thompson  
**Secretary**

Winston Green  
**Assistant Secretary**



**BOARD OF DIRECTORS**



Paulette Howell  
**Director**

Christopher Buckmaster  
**Director**



Micheal Dunn  
**Director**

Shauneil James  
**Director**





# Report of the Board of Directors

FOR THE YEAR ENDED  
DECEMBER 31, 2020

CONDELL STEPHENSON - **PRESIDENT**

**INSTILLING 60 YEARS OF HOPE** for our members since April 24, 1961 when our Credit Union was founded with the aim of supporting the men and women who lacked the ability to qualify for a loan in the commercial banking system as it was then.

Today, 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, 2020 was a successful one for the Credit Union, 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 delivery 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.

The Board of Directors has emphasized 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 negative impact of the COVID-19 pandemic was demonstrated in the core areas of our economic performance and include the following:

- The Bank of Jamaica during 2020 maintained its policy interest rate of 0.50 per cent per annum.
- The All Jamaica Consumer Price Index recorded an inflation rate of 1.3 per cent in December 2020, resulting in the calendar year inflation rate of 6.4 per cent, according to the Statistical Institute of Jamaica.
- The Jamaican economy is estimated to have recorded a decline in GDP of 9.9 per cent in 2020. Production fell in both the Services and Goods Producing Industries of 11.8 per cent and 4.5 per cent respectively.

- The Bank of Jamaica maintained a strong net international reserve position during 2020, to close at US\$3,126 million representing 38.8 weeks of goods and services imports.
- Since the onset of the Covid-19 pandemic a total of 113,300 less persons were employed as at October 2020 relative to January 2020. This brings the unemployment rate to 10.7% at October 2020.

## **Bank of Jamaica (BOJ) Indicators**

The 2020 BOJ annual report indicated that while the COVID-19 pandemic contributed to a softening in financial asset and credit market performance, the financial system remained sound, profitable, adequately funded and capitalized.

There was a slower growth in loans and a slight deterioration in loan quality among the Deposit Taking Institutions (DTIs), as a wide cross-section of borrowers experienced difficulties associated with the COVID-19 pandemic. In response to the difficulties being experienced by clients, DTIs introduced moratorium facilities which were aimed at cushioning the impact of the pandemic. For the year, DTIs generally recorded lower profits, largely reflecting reduced interest income associated with the slowdown in loan growth and increased use of moratorium facilities.

The BOJ has reported that the following pending amendments to legislation include, but not limited to:

- The Co-operative Societies Amendment Bill;
- The Credit Unions (Special Provisions) Bill;
- The Micro Credit Bill; and
- The Financial Institutions Resolution Bill.

Work to facilitate BOJ's assumption of supervisory oversight of the credit union sector continued in 2020. The next step will be the tabling in Parliament of two companion pieces of legislation: the Credit Unions (Special Provisions) and the Cooperative Societies (Amendment) Bills. Enactment of these two pieces of legislation will create a regime for the licensing of credit unions by the Minister of Finance and the Public Service.

In preparation for licensing by the Bank of Jamaica, your Credit Union continues to align our operations, policies and procedures to ensure our state of readiness.

## **Performance of the Credit Union Movement**

At the end of 2020, 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 10.4% to close the year at \$136.87B; savings growing by 9.9% to \$105.83B; and loans by 3.8% to \$94.5B. Profitability recorded a decline with





## REPORT OF THE BOARD OF DIRECTORS, CONTINUED

the ratio of net surplus to average assets moving from 1.77% in 2019 down to 1.54% in 2020.

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 2020, the leadership of the Credit Union undertook the strategy to build on the accomplishments of 2019 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.

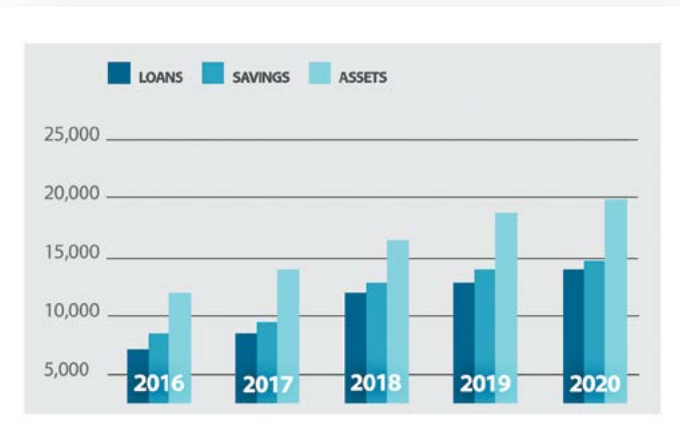
Our results exceed our expectations. The outcome was a steady performance in the key areas of our business and consistently positive feedback on member satisfaction.

The Credit Union's performance in 2020 in the following key result areas are set out below:

KEY RESULT AREAS	2020	2019	%
Membership	131,767	127,712	3.2%
Assets (\$M)	19,564	17,758	10.2%
Savings (\$M)	15,001	13,424	11.7%
Loans (\$M)	13,243	12,654	4.7%
Regulatory Capital (\$M)	2,670	2,933	-9.0%
Net Surplus (\$M)	418.4	347.7	20.3%
Customer Satisfaction Score	98%	97%	1%

### Growth

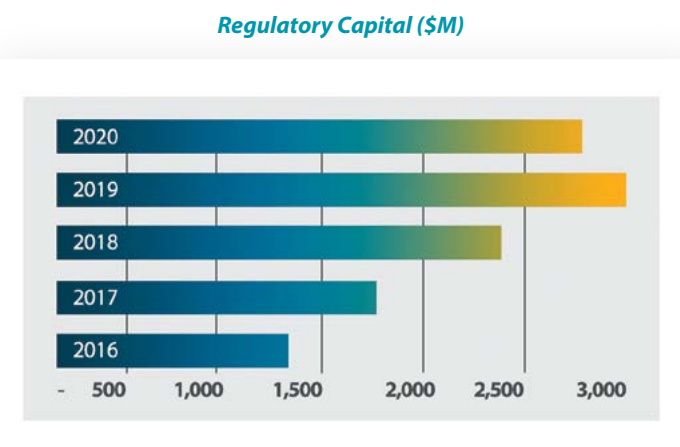
During 2020, the Credit Union entrenched its growth strategy by focusing on member engagement. The skilled execution of the strategy continued to produce exceptional results as the Credit Union experienced significant growth in all areas of our operations during 2020. C&WJCCUL at the end of December 2020 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.

### Regulatory Capital

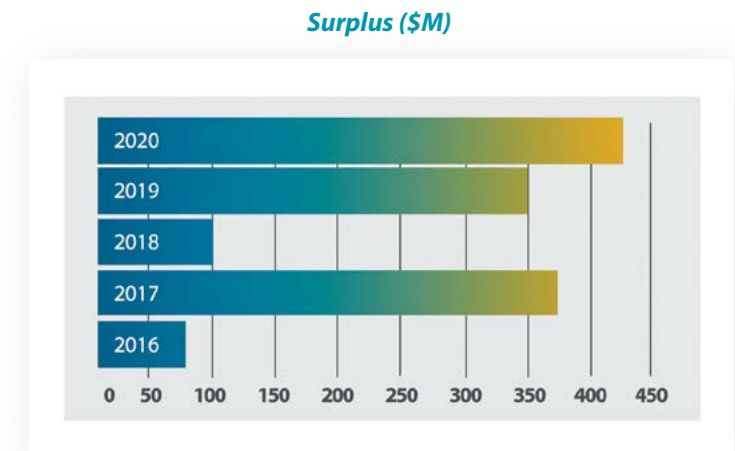
The Credit Union's financial position is undergirded by a strong capital base. Regulatory Capital at year end December 2020 was \$2,670M and represented 13.65% of assets. This shows that even in spite of the declining proportion of the Deferred Shares being counted towards regulatory capital, the Credit Union remains strong and well capitalised. Your Directors were very deliberate about this as it provides a good buffer for the protection of our members' savings.



### Profitability Surplus

Our Credit Union made a surplus of \$ 418.4 million for the year. This represents an increase of 20% when compared to the \$347.7 million outturn in 2019.

The distributable surplus at December 31, 2020 was \$302.4M. The Directors in keeping with Article XIV Rule 73 and Article XV Rule 74 have transferred \$269.46M of this surplus to Statutory Reserves after which the amount available for distribution at this meeting is \$32.9M. 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 2020, the member satisfaction survey emerged at 98 percent, an improvement over the 2019 outturn of 97 percent. The measures of satisfaction converged around some key areas of our business process, namely the ease of doing business, customer service and convenience. Ninety eight percent (98%) of the members surveyed gave the Credit Union a positive rating.

The Credit Union continued to work on the areas which were 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 2020 the Credit Union's delinquency ratio was at 2.54%, its lowest in our recent past. The Credit Union has successfully reduced this ratio, and within a year of COVID-19 pandemic maintained it in line with the PEARLS Ratio requirement of less than 5%.

### 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 Stabilization Fund. During the year the members' savings were fully guaranteed under the League's Stabilization 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, 2020. The Credit Union however continued 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.

### Jamaica Stock Exchange (JSE)

In July 2020 the Credit Union successfully listed our Deferred Shares on the JSE. All reporting and regulatory requirements of the JSE have been met for the period under review.

### CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

#### Education Assistance Programmes

In 2020 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 \$5 million under the following Educational Assistance Programs:

- 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.



- In order to support our children with online learning, the Credit Union contributed 32 tablets to children in the regions in which we operate across Jamaica.

During the year our members voted to add \$5 million to the Scholarship Fund from the 2019 surplus, while the Credit Union paid out \$5 million in scholarships, bursaries and grants. At year-end the Fund had a balance of \$3.4 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. Pauline Thompson, Mr. Shauneil James, 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 Balance 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-organizational Meeting held on October 2, 2020. The elected officers and Directors of the Credit Union were:

Mr. Condell Stephenson	-	President
Mr. Austin Brown	-	1st Vice President
Mr. Bornette Donaldson	-	2nd Vice President
Ms. Ashlyn Malcolm	-	Treasurer
Ms. Pauline Thompson	-	Secretary
Mr. Delroy Foster	-	Asst. Treasurer
Mr. Winston Green	-	Asst. Secretary

The other Directors were: Paulette Howell; Michael Dunn; Shauneil James; and Christopher Buckmaster.

#### Meeting Attendance

Attendance at Directors' Meeting is set out below:

#### ATTENDANCE AT BOARD MEETINGS

##### FOR THE PERIOD JANUARY TO DECEMBER 2020

DIRECTORS	# of Possible Meetings	Number Attended	Absent With Excuse
Bennett, Terrie-Ann	9	9	-
Brown, Austin	12	11	1
Buckmaster, Christopher	12	12	-
Donaldson, Bornette	12	12	-
Dunn, Michael	12	12	-
Foster, Delroy	12	11	1
Green, Winston	12	12	-
Howell, Paulette	12	12	-
James, Shauneil	12	12	-
Malcolm, Ashlyn	12	11	1
Scott, Peter	9	9	-
Stephenson, Condell	12	12	-
Thompson, Pauline	12	12	-

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 organizations 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:

Mr. Condell Stephenson	-	Board of Directors
Ms. Paulette Howell	-	Board of Directors
Mrs. Pauline Thompson	-	Board of Directors
Mr. Michael Dunn	-	Board of Directors
Dr. Richard Meggo	-	Supervisory Committee
Mr. Kevron Cain	-	Supervisory Committee
Mr. Paul Bernard	-	Supervisory Committee
Mr. George Morris	-	Supervisory Committee

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

Thanks to the members of our Executive Management Team Mr. Carlton Barclay, Mrs. Joyce West-Johnson, Mrs. Sacha Vacciana-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.

#### COVID-19 RESPONSE AND RECOVERY

As our nation, communities and workers continue to manage the economic declines and deterioration in health from the impact of the COVID-19 Pandemic, C&WJ Credit Union will become their point of reference for strong financial support.

#### OUR VISION FOR 2021 and Beyond

We begin 2021 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.

We understand the complex challenges that are before us and we reference the indomitable spirit of community and workers that created and sustained this Credit Union through turbulent times **INSTILLING 60 YEARS OF HOPE.**

As we look toward the future, 2021 calls us to vision for our members with creativity and ingenuity. It is a promise that our business will rise to the challenge of rebuilding and reforming our people, our delivery channels, our products and services for the financial wellbeing of our members.

I am, grateful for the opportunity to have served the members of this great institution. I take this opportunity to advise you that at the end of this AGM I will be stepping down from office and a new President will be elected. This is in keeping with our rules and specifically our Term Limits requirements which require an officer who has served three terms, to step down from all duties for at least one year. I have grown professionally and have learnt immensely during my tenure as President. It was my pleasure to serve you.

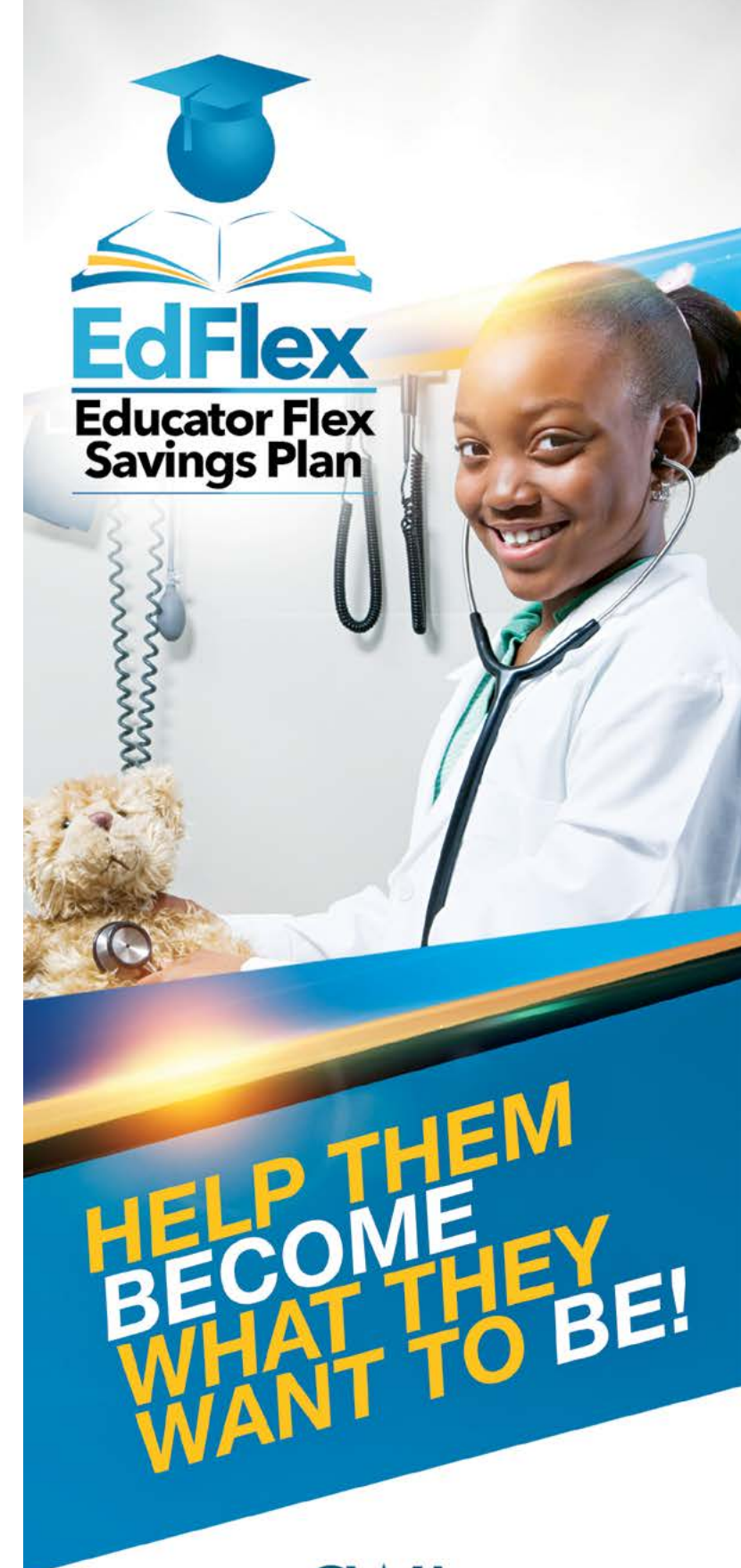
I will always be faithful to our Credit Union and our mission. Thank you all.

For and on behalf of the Board.

Signed,



Condell Stephenson  
President





MANAGEMENT TEAM



Joyce West-Johnson  
FCCA, FCA, M.Sc., B.Sc., J.P.  
**Chief Operating Officer**

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

Sacha Vaccianna-Riley  
B.A. (Hons), LL.B, Mphil, CLE,  
CIRM  
**Chief Legal, Risk &  
Compliance Officer**

Tracy-Ann Henry-  
Williams  
M.Sc. Bham, B.Sc. UWI  
**Chief Credit & Arrears  
Officer**

Derron Seville  
PMP, M.Sc., B.A.  
**Chief Information  
Officer**

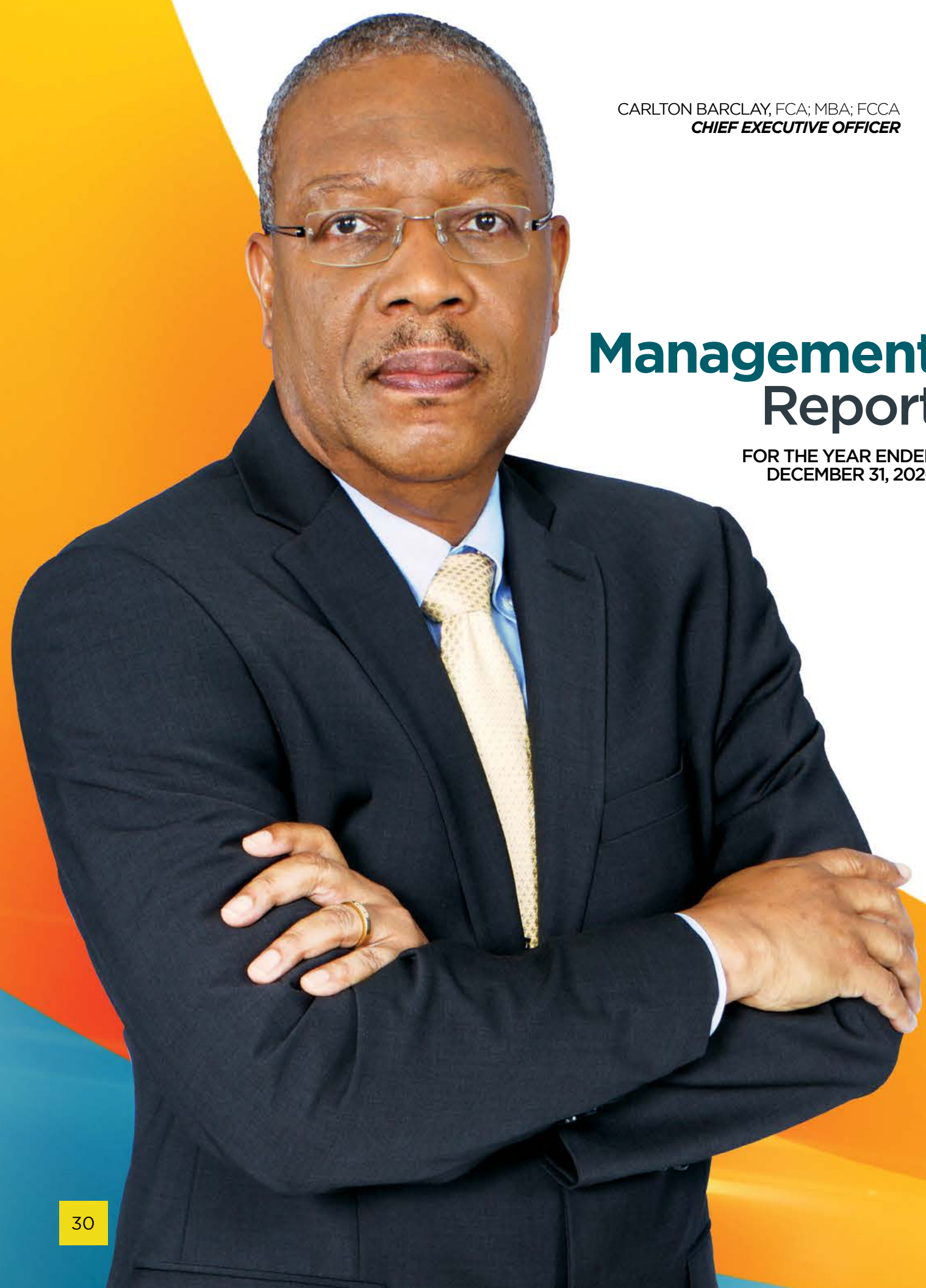
Denise P. Harris  
CDMP, MBA, BBA (Hons.)  
**Chief Marketing and Sales  
Officer**

Brenda Reid  
MSc BSc (Hons)  
**Human Resources &  
Administration Manager**

Maria Chen  
FCCA, FCA,  
Dip. Business  
Studies  
**Chief Internal  
Auditor**

Rickie Williams  
**Chief Accountant**





CARLTON BARCLAY, FCA; MBA; FCCA  
**CHIEF EXECUTIVE OFFICER**

# Management Report

FOR THE YEAR ENDED  
DECEMBER 31, 2020

The 2020 financial year has been very challenging for many of us. Our thoughts and prayers are with those who may have lost loved ones due to the pandemic COVID-19. To you our members and staff we hope that you stay safe and well during these extraordinary times.

In a context of what has been an unprecedented operating environment I am pleased to highlight the resilience of the Community and Workers of Jamaica Co-operative Credit Union (C&WJCCUL) for the Year ending December 31, 2020.

Our Credit Union recorded another successful year of consistent profitability, sufficient liquidity and above regulatory capital requirements. Our business lines remain strong with growth experienced in all core business areas. This year, once again C&WJCCUL emerged as the Credit Union with the largest asset base in Jamaica. We continue to successfully deliver on our strategic priorities enabling us to outperform the competition in key areas.

For the year 2020 the Board of Directors remained committed to the following strategic priorities that augured well for the growth of the business of the Credit Union. These included:

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

Despite a year of unprecedented challenges caused by the pandemic, COVID-19, C&WJCCUL delivered on all strategic priorities, significantly influencing the positive performance achieved for 2020.

## BUILDING VALUE FOR OUR MEMBERS

During the year 2020 the Credit Union continued to fulfil our mission to enhance the well-being of our members through superior financial services delivered by an empowered and motivated team. C&WJCCUL is the first of 25 Credit Unions in Jamaica to achieve the following opportunities for our members:

- Online Banking Platform – Updated 2020;
- Introduced MasterCard – 2020;
- Listing of Deferred Shares on the Jamaica Stock Exchange (Main Market) – 2020.

These successes continue to increase convenience and access to our services by our members and prospective members.

## Member Focus

This year forced us to temporarily adjust our focus in response to the pandemic, COVID-19. We take the health and safety of our staff and members very seriously. In this vein, the Credit Union made various adjustments to our operations to include work from home arrangements, enhanced cleaning and sanitization and physical distancing of staff and members at all locations.

We applaud the staff for their courage and professionalism displayed during these difficult times and our members for their loyalty for the past 60 years. Notwithstanding the challenges, the Credit Union realised the importance of providing increased quality service as one of many solutions to our members during the pandemic.

As a result, our Customer Satisfaction Survey, indicated that members were very 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 source 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 ninety six percent (96%) and ninety eight percent (98%) the top level this year increasing one percent over 2019 to 98%.

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

### TOP THREE FEATURES

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

### TOP THREE ATTRIBUTES

- Staff Professionalism
- Staff Helpfulness
- Staff Friendliness

## OPERATIONAL FRAMEWORK AND EFFICIENCIES

In this highly volatile and unpredictable environment, C&WJCCUL not only met these challenges, our Credit Union was able to grow our asset base to \$19.6 billion at year end.



This was achieved through various mergers and organically over several years. This consistent growth requires a robust and efficient operational capacity framework to facilitate a seamless integration and responsiveness.

At December 31, 2020 our Credit Union successfully expanded the technology platform enabling a robust response to a rapidly advanced digitized era.

Technology

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

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

Human resource capacity building is critical to our strategy to enhance the financial well-being of our members. Our staff remains the most valuable asset to the Credit Union to drive this strategy. The C&WJCUUL is committed to building strong functional and behavioural competences in our team, to enhance employee engagement and create an empowered environment that motivates employees.

Our strategy to build member strength and value is irrevocably dependent on the success of our people strategy. To ensure this success we implemented a comprehensive training and development plan which is aligned with our member value strategy.

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

The Credit Union takes a proactive approach to risk management and compliance, making it an integral part of our business, both strategically and operationally. C&WJCCUL's business operation exposes it to a variety of risks that are either financial or non-financial. It is the Credit Union's objective to not only minimise

risk, but to also optimise opportunities within the known and agreed risk appetite levels set by our Board of Directors. C&WJCCUL's risk appetite and tolerance limits align itself with its strategic plan to ensure the assets of our members are fully protected.

At December 31, 2020, 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 organization'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, 2020. The Credit Union however continues to submit reports to the Bank of Jamaica as required.

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 2020 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 2020. The Credit Union was also fully compliant with the payment of League Dues and Stabilization Dues for the year 2020.

AML/CFT Compliance

In 2020, 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 twenty-one branch offices in nine parishes 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 High School Assistance Program (HSAP). Our physical involvement, however was impeded due to the GOJ Disaster Risk Management Act in response to the pandemic, COVID-19.

Credit Union week was observed during the week of October 11-17, 2020; under the theme *"Inspiring hope for a global community"*. Although our expressions of appreciation and gratitude to our members were adjusted to reflect adherence to COVID-19 protocols, C&WJCCUL ensured that our members experienced special recognition during this period with a number of events put on throughout our branches.

A SUMMARY OF OUR PERFORMANCE IN 2020

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 2020 financial year.

Our performance measures covered both financial and 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. The Charts below track the Credit Union's growth in Assets; loans and savings over the five-year period to December 2020:

Total assets increased by \$1.8 Billion to \$19.6 Billion or 10% above the 2019 value of \$17.8 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, 2020, our member growth figures reflected a growth of 4,055 members; moving from 127,712 at December 31, 2019 to 131,767 at December 31, 2020.

The 2020 figures represent organic growth and is an outcome of our continued focus on building member strength and value.

Growth in Loans to Members

Due to a deteriorated credit quality environment as a result of the pandemic, growth in loans to members was \$589 Million or 4.65 % 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 2020.



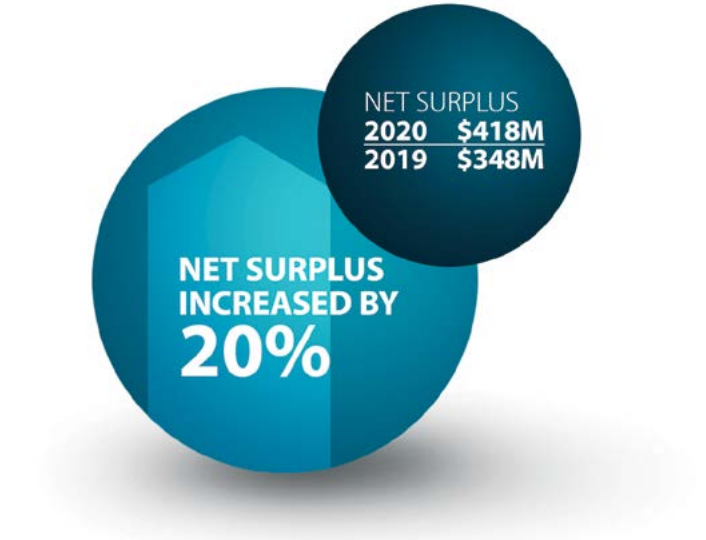
Growth in Savings

Savings grew by \$1.6 Billion or 11.7% for the period 2020. 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.



Net Surplus

The Credit Union realised a net surplus of \$418 million for the year 2020, the highest surplus achieved by the Credit Union since its inception! This was above the \$348 million which was realized for the year 2019 representing an increase of over 20%.





## Capital

As one of our strategic imperatives the Credit Union continued to increase its capital base to ensure that the members' savings are protected. This year the Credit Union transferred \$269 Million from surplus to the Statutory Reserve Fund. This puts the Credit Union in a very strong capital adequacy position at year-end 2020. In addition, \$122 Million is also reserved as an additional buffer to further preserve the quality of our assets.

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 2020 the Credit Union's capital ratio was 13.65% which exceeded the requirements of both standards.

## LOOKING TO THE FUTURE

In the financial year 2021, the C&WJCCUL through digitalisation will look to further consolidating our business processes. The Credit Union's business framework is fully agile to respond to a digitized economy which supports the importance we place on Member engagement from which we can gain a competitive advantage and grow our member base.

As we pivot within the "new normal" of doing business we remain cognizant of our undergirding business model that embraces the rich tradition of Community and Workers of Jamaica Co-operative Credit Union which is "MEMBER FOCUS".

As we embrace the future, we passionately engage this tradition to build a future of rich member growth and value added. We are clinical with our member strategy in a fiercely competitive environment. We resolve to retain our existing members by increasing our member value proposition, while at the same time creating opportunities to engage new members, simultaneously achieving overall value for them. Our initiatives to be executed for 2021 will include the following:

- New product creation;
- increased promotion of C&WJ MasterCard;
- introduction of mobile banking to further promote the products of the Credit Union and increase membership;
- 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;
- accelerate pace of digitization to enhance member experience;
- human resource capacity building framework.

## THE COVID-19 PANDEMIC

The Board and management remain cognizant of the heightened risks associated with this pandemic, notwithstanding the opportunities that may also arise. We are cautiously optimistic while we closely monitor the situation by surgically executing our 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:

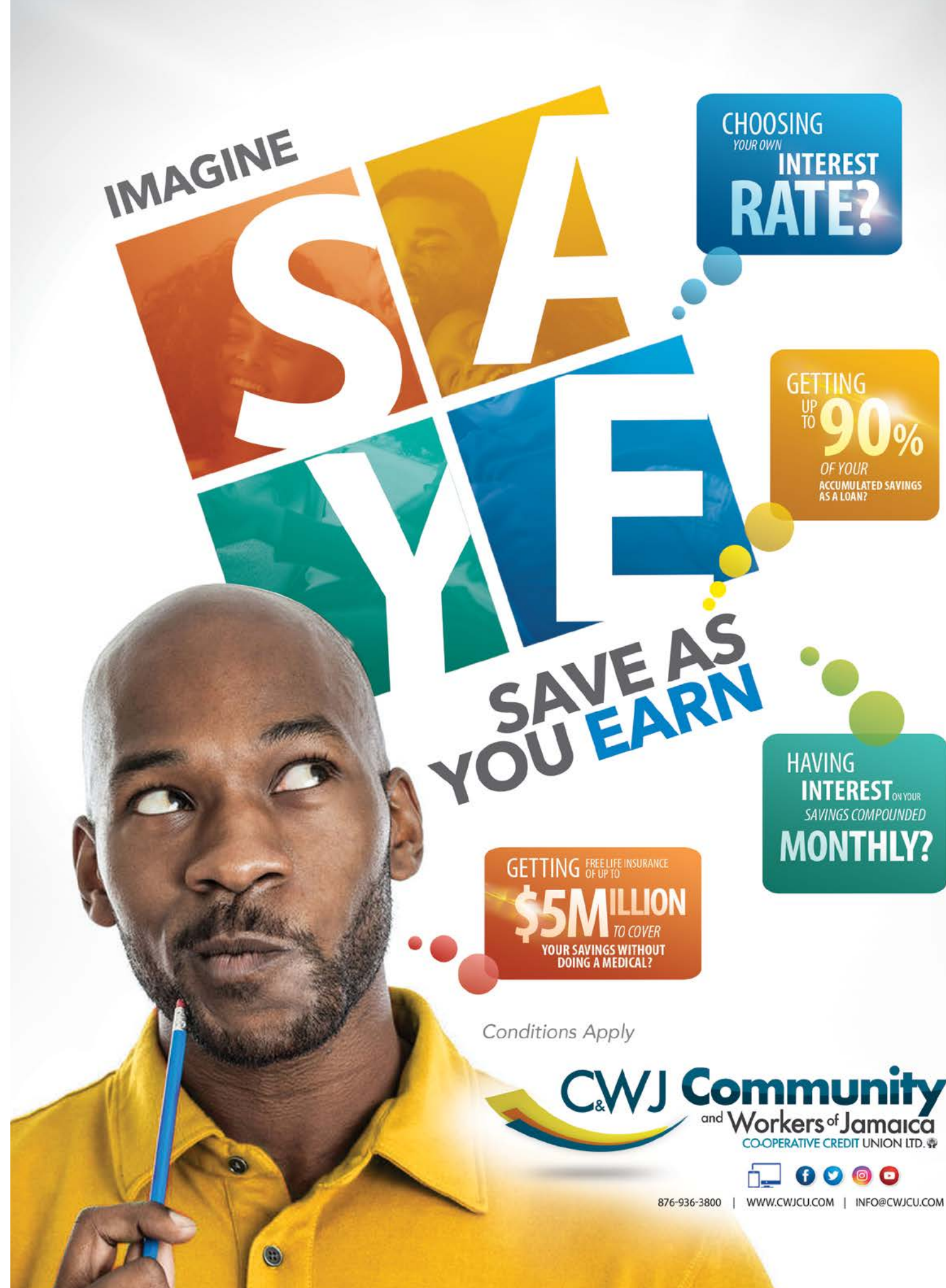
- "The domestic economy is expected to gradually recover over the next two years with economic activity returning to pre-COVID-19 levels by FY 2022/23."
- "While the COVID-19 pandemic contributed to a softening in financial asset and credit market performance, the financial system remained sound, profitable, adequately funded and capitalised."
- "The Bank of Jamaica maintained an accommodative monetary policy stance aimed at supporting a stable economy while encouraging a swift and sustained economic recovery once the pandemic passes."

On behalf of the staff and Management of C&WJCCUL, 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



**IMAGINE SAVE AS YOU EARN**

**CHOOSING YOUR OWN INTEREST RATE?**

**GETTING UP TO 90% OF YOUR ACCUMULATED SAVINGS AS A LOAN?**

**HAVING INTEREST ON YOUR SAVINGS COMPOUNDED MONTHLY?**

**GETTING \$5 MILLION TO COVER YOUR SAVINGS WITHOUT DOING A MEDICAL?** (FREE LIFE INSURANCE OF UP TO \$5 MILLION)

Conditions Apply

**C&WJ Community and Workers of Jamaica**  
CO-OPERATIVE CREDIT UNION LTD.

876-936-3800 | WWW.CWJCU.COM | INFO@CWJCU.COM





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



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



**Carmen Barrett**  
Lionel Town  
Branch Manager



**Ralna Black**  
East Parade  
Branch Manager



**Melissa Blake-Robinson**  
Black River  
Branch Manager



**Candiea Brim**  
Newport West  
Branch Manager



**Kim McKoy**  
Head Office Branch  
Regional Manager



**Sarah Farquharson**  
Appleton  
Branch Manager



**Jennolyn Morrison Forbes**  
Montego Bay  
Branch Manager



**Kerron Jones**  
Grange Hill  
Branch Manager



**Michelle Kelly**  
Mandeville  
Branch Manager



**Jennifer Taylor**  
May Pen  
Regional Manager



**Rosemarie Lee-Weir**  
Kellits  
Branch Manager



**Latoya McKenzie**  
Port Maria  
Branch Manager



**Christine S. Miller**  
Marescaux  
Branch Manager



**Lorean Myrie**  
Negril  
Branch Manager



**Tanisia Davis-Allen**  
Jamaico  
Branch Manager



**Janet Poyser**  
Santa Cruz  
Branch Manager



**Tracy-Ann Bright**  
Junction  
Branch Manager



**Rosemarie Thompson**  
Spanish Town Road  
Branch Manager



**Kesian Wedderburn**  
Whitehouse  
Branch Manager

# Branch Managers



# Event Highlights

## MCKENLEY/WINT TRACK & FIELD CLASSIC

Yvonne Ennis (left) of Community & Workers of Jamaica Co-operative Credit Union (C&WJ) presents a cheque for \$25,000 to Oneika Wilson, Outstanding Athlete at the 2020 McKenley & Wint Track Meet, at a presentation ceremony at Calabar High School.



## FIRST CREDIT UNION TO BE LISTED ON THE JAMAICA STOCK



History was created on July 31, 2021 when the C&WJCCUL its 450 million units of Series A – 7.35% Variable Rate JMD Deferred Shares on the Main Market of the Board of the Jamaica Stock Exchange (JSE).



Mr. Condell Stephenson, President, C&WJCCUL (centre) lists the Credit Union on the Jamaica Stock Exchange on July 31, 2020. The Honourable Audley Shaw, CD, MP, Hon. Earl Jarrett OJ, CD, CEO, The Jamaica National Group Ltd., Mrs. Marlene Street Forrest CD, Managing Director, JSE Group, Mrs. Joyce West-Johnson, Chief Operating Officer, C&WJCCUL; Mr. Allan Lewis, Managing Director, JN Fund Managers; Mr. Carlton Barclay, Chief Executive Officer, C&WJCCUL and Mrs. Claudette Crooks, President, Moneymasters Ltd. share in the moment

## C&WJ CREDIT UNION MAKES EDUCATION MORE AFFORDABLE FOR OVER 100 STUDENTS



HSAP presentation was held in October 2020 at the head office of the credit union, on Half Way Tree Road. Sharing in the moment are the recipients along with President Condell Stephenson (seated centre), Paulette Howell, Director and Education Committee Chair (seated left), Brenda Reid, Human Resources and Administration Manager (seated right), Kim McKoy, Senior Regional Manager (standing right). Standing to the left are Audrey Witter, HR & Admin Officer and Christine Miller, Branch Manager

Parents of 129 students will find it easier to finance their children's education for the 2020 school year through scholarships and bursaries \$2.6M provided under the Community & Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL's) High School Assistance Programme (HSAP). Each bursary is valued at \$20,000 and scholarship \$50,000.



The Top Girl Dannielle Graham (centre left), a first former at Vere Technical and the Top Boy Antwoun McKenzie, student at Glenmuir High School shares a moment with Condell Stephenson, President of C&WJCCUL (right) and Paulette Howell, Director and Education Committee Chair (left).

## C&WJCCUL INTRODUCES THE CREDIT UNION'S FIRST PREPAID MASTERCARD TO JAMAICA IN PARTNERSHIP WITH ALLIANCE FINANCIAL SERVICES LIMITED, PRINCIPAL MEMBER OF THE MASTERCARD NETWORK.

Carlton Barclay (seated left), CEO of C&WJCCUL and Peter Chin, president, Alliance Financial Services Limited, symbolically sign a partnership agreement, witnessed by Condell Stephenson (background left), president of C&WJCCUL and Lennox Robinson, CEO, ePayment Group Limited. The symbolic signing took place in the board room of C&WJCCUL, Half-Way-Tree Road on Thursday, July 2.

From left, Carlton Barclay, CEO, C&WJCCUL shows Peter Chin (right), President of the Alliance Financial Services Limited the new C&WJCCUL/ePay prepaid Mastercard, while Condell Stephenson (background right), President of C&WJCCUL and Lennox Robinson (background left), CEO, ePayment Group Limited look on.







Top Girl Dannielle Graham delivers vote of thanks on behalf of the 2020 HSAP recipients



Mrs. Carmen Barrett, Branch Manager and Amania Small, Teller/CSR share a moment with the HSAP 2020 awardees



Seated right is Paulette Howell, Director and Chair of the Education Committee. Standing from left are Branch Managers Rosemarie Thompson; Ralna Black and Candiea Brim. Standing to the right is Audrey Witter, HR & Admin Officer.



Miss Michelle Kelly, Mandeville Branch, presents to HSAP Awardee, Keanna Thomas



Miss Michelle Kelly, Mandeville Branch, presents to HSAP Awardee, Kayla Thomas



Miss Michelle Kelly, Mandeville Branch, presents to HSAP Awardee, Malique Morgan



From left: Jennifer Taylor, Regional Manager shares moment with the HSAP 2020 Jamalco Branch Awardees Daniel Martin (Manchester High), Paris Keane (Glenmuir High), Danielle Deer (Clarendon College), and Mellisa Francis (Glenmuir High)



Robert Hinds, HSAP 2020 Awardee Newport West Branch receives bursary and certificate from the Branch Manager, Candiea Brim





**Awardee for Cornwall County:** - Ajay Jones, awardee for the Cornwall County receives a scholarship of \$50,000. Ms. Karice Bennett, Regional Manager (left) and Ms. Patrice Scott, Customer Service Representative (right) of the Savanna-La-Mar branch share in the moment.

## THE LESLIE MILLS TRUST COUNTY SCHOLARSHIP

**Awardee for Surrey County:** Rachelle Williams, member from Head Office Branch received a scholarship of \$50,000 from Brenda Reid, Human Resource and Administration Manager



**Awardee for Middlesex County:** Shauna-Kay Bellafonte, member from Mandeville Branch received a scholarship of \$50,000.



## ERTIS BLAKE TERTIARY SCHOLARSHIP



Krysoni Landell, member from Port Maria Branch received a scholarship in the amount of \$300,000 to be paid over 3 years to pursue a Bachelor of Laws Degree at UWI. Sharing in the photo are Taniesha Brown, Customer Service Officer (left) and Mrs. Audrey Hamilton-Landel, Krysoni's mother (right).



## DESMOND DUVAL SCHOLARSHIP

Jennolyn Morrison Forbes, Montego Bay Branch Manager, presents scholarship award of \$200,000 to Odain Hawkins from Montego Bay Branch final year student pursuing Early Childhood Education at Sam Sharpe Teacher's College.

## F.T. SPENCE MEMORIAL SCHOLARSHIP

Simone Carridice from Santa Cruz Branch received a scholarship in the amount of \$200,000 to be paid over 3 years to pursue a Bachelor of Science Degree in Business Administration major in Accounting & Financial Management





## DONATIONS

Andrea Mumby, Senior Regional Manager, presents a Grant of \$200,000 to Braeanna Scott, 5th year medical student at UWI.



Karice Bennett, Regional Manager (centre) donated a Water Tank Mrs. Clythie Beadle (right), principal of the Total Care Nursery & Learning Centre located in Sav-La-Mar, Westmoreland. Sharing in the moment is Patrice Scott, Customer Service Representative, Savanna-La-Mar branch



Brenda Reid, Human Resource and Administration Manager (left) presents Christmas Hamper to members at the head office, 51 Half Way Tree Road



Brenda Reid (centre) presents Christmas Hamper to member while Erica Campbell-Williams, Customer Service Co-ordinator (right) looks on

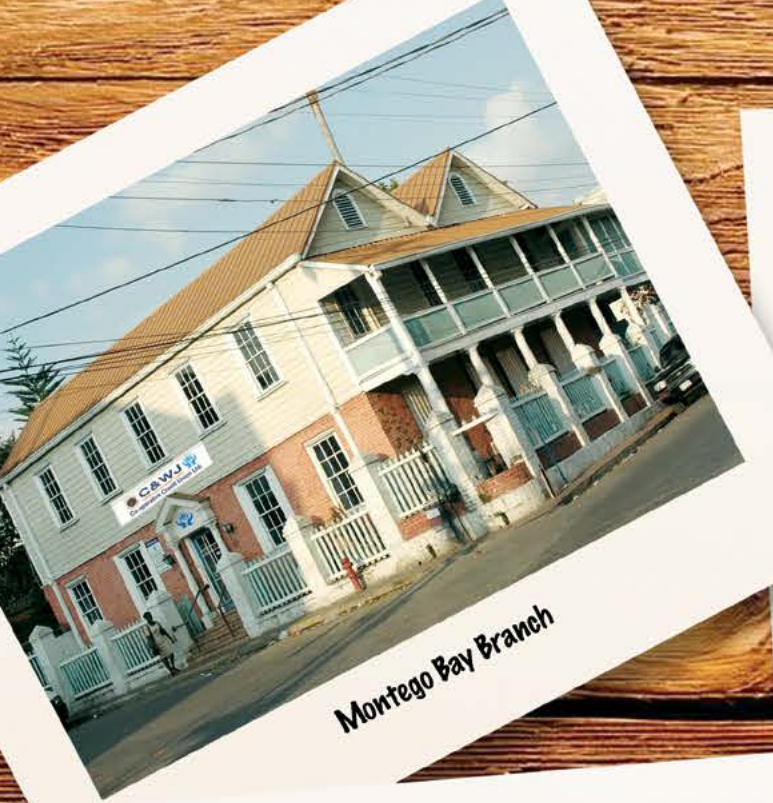
## CHRISTMAS HAMPER

Brenda Reid (centre) presents Christmas Hamper to member while Christine Miller, Branch Manager shares the moment





# A Look Back Through Our History



Montego Bay Branch



Head Office groundbreaking (2007)



Merger September 2018 - St. Elizabeth Co-op



First Annual General Meeting



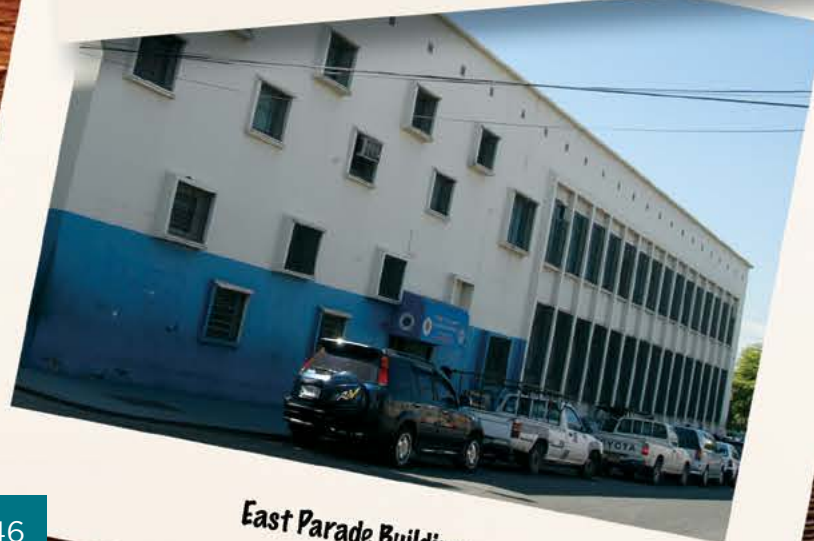
Head Office Ground Breaking



Head Office Building Opening (2007)



D&G Spanish Town Road Merger 2018



East Parade Building



Montego Bay Branch Opening



Renovation of Head Office Building (2011)



# TREASURER'S REPORT



The Treasurer’s Report to this the 57th 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 57 to 142 and a summary of these statements is set out in the Treasurer’s Report Sheet.

The year 2020 was a very difficult one for many, however our Credit Union remained resilient due to its long-term planning and success supported by its strong capital that helped us manage through the pandemic COVID-19.

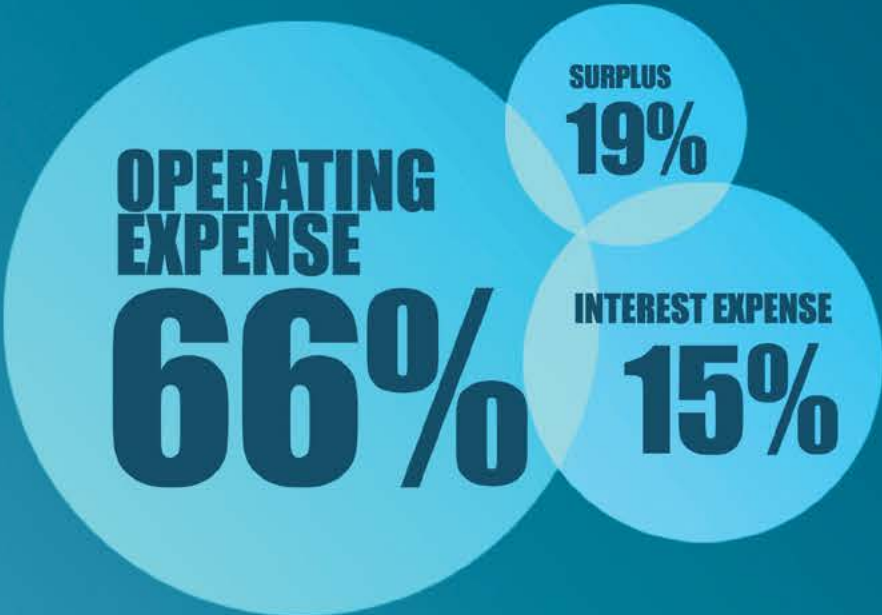
I am pleased to report that our Credit Union recorded a strong performance for the financial year ended December 31, 2020. Our Credit Union achieved organic growth of over \$1.8 Billion (10.17%) in total assets to conclude the financial year at \$19.56 Billion. As confirmed by the Jamaica Co-operative Credit Union League (JCCUL) December 2020 unaudited Financial Performance Report, this performance has placed C&WJCCUL as the top ranked Credit Union in terms of assets.

Table 1 – Comparative Financial Results

## C&WJCCUL - KEY FINANCIAL RESULTS FOR 2020

ITEM	2020 (\$'M)	2019 (\$'M)	Change (\$'M)	%
Assets	19,564	17,758	1,806	10.17%
Net Loans	13,243	12,654	589	4.65%
Total Capital	3,454	3,063	391	12.76%
Savings	15,001	13,424	1,577	11.75%
Net Income	418	348	70	20.11%

# DISTRIBUTION OF THE \$ EARNED IN 2020



## Revenues

Total revenues increased by 3% during the year to \$2.4 Billion.

Interest Income of \$2.01 Billion was \$239.4 million better than the 2019 results of \$1.77 Billion. This performance was driven mainly by:

- Interest on Loans to Members - **\$1.86B**
- Interest on Liquid Assets - **\$71.6M**
- Interest on Financial Investments - **\$80M**

Other income, including Fees generated a further \$371 Million. After allowance for Interest Expenses on deposits and other financial cost, Gross Income before operating expenses for 2020 was \$1.90 Billion.

## Operating Expenses

The Credit Union incurred operating expenses of \$1.46 Billion which supported several operational initiatives aimed at improving and digitizing the service delivery to our Members. In addition the Credit Union ensured that the health and well-being of the staff and Members remained our number one priority.

## Net Surplus

The Credit Union generated a net surplus of \$418.37 million. This represents an increase of over 20.32% above the corresponding period and the highest net surplus generated by the Credit Union since its inception. This outstanding performance was achieved despite the economic fall-out the Jamaican and Global economy

experienced, brought on by the pandemic, COVID-19.

Despite the economic fallout, this year the Credit Union is recommending a dividend distribution to members of 5% from this surplus. The Chart above outlines how our Income was distributed for 2020.

Chart II



## 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 2020 against those standards is set out in the table below:

C&WJCCUL's Financial Performance 2020 vs League's Minimum Prudential Financial Standards		
INDICATOR	STANDARD	31-12-20
PROTECTION		
Provision for loan losses	100%	100%
EFFECTIVE FIN. STRUCTURE		
Capital Ratio:		
Reserves / Total Assets	>/= 8%	13.65%
Net Loans / Total Assets	60 – 80 %	67.69%
Savings / Total Assets	70 – 80 %	76.68%
ASSET QUALITY		
Delinquent loans > 30 days / Total Loans		
	< 5 %	2.54%
Non-Earning Assets / Total Assets		
	< 7 %	8.15%
RATES OF RETURN & COSTS		
Operating Expenses / Average Assets		
	</= 8%	7.81%
Net Income / Average Assets		
	To maintain a capital ratio of 8% or more	2.24%
Return on savings		
	> Inflation rate (6.4%)	1.35%
LIQUIDITY		
Liquidity Reserve / Savings and deposits		
	> 10 %	22.04%
SIGN'S OF GROWTH		
Membership Growth		
	> 5 %	3.18%
Asset Growth		
	> / = 6.4%	10.17%

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 \$13.24 Billion of which loans amounting to \$337.13 Million or 2.54% of the portfolio balance was in arrears for 1 month and over. The PEARLS standard specifies the provision to be set aside for these loans. This provision amounted to \$67.2 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 \$212.59 Million. In addition the Credit Union had set aside a further \$122.31 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 – 13.65%

At year-end C&WJCCUL had Institutional Capital Reserves in excess of \$2.67 Billion, representing a ratio of 13.65%, and surpassing the requirement 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 – 67.69%

The C&WJCCUL achieved loan growth of \$589 Million during the year reporting an increase of 4.65% above the 2019 portfolio balance, and bringing net loans to \$13.24 Billion at year end. This resulted in a net loan to asset ratio of 67.69% at the end of 2020 which was well in line with the requirement of the PEARLS standard of 60% to 80% of total assets.

Total Savings / Total Assets – 76.68%

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 \$1.58 Billion during the year, an increase of 11.8% above the 2019 portfolio balance. At year-end the ratio of savings to total assets was 76.68% which is in compliance the standard of 70% - 80%, and above 2019.

Asset Quality  
Delinquent loans > 30 / Total Loans – 2.54%

In spite of the adverse economic conditions, which resulted in a deteriorated lending environment, 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 as a percentage of total loans being not more than 5%) resulting in a ratio of 2.54% at December 2020.

The non-performing loans valued at \$120.27 Million at December 2020 was 0.90% of the total loan portfolio which compared favorably to the 2.8% reported for commercial banks based on the Bank of Jamaica Annual Report for 2020. This remarkable achievement is against efforts to ease the financial burden of our members following the impact of pandemic, COVID-19. Loan

moratoriums with payment holidays of 3 months – 6 months were extended to our members. The Credit Union continues to strategically manage this portfolio to maintain a low level of delinquency.

Non-Earning Asset/ Total Asset - 8.15%

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 8.15% of total assets, a reduction of over 300 basis points compared to 2019 (11.2%). This improvement was due to a reduction in assets pledged relating to a short term loan that has now matured at the year end. The ratio continues to be 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.

Rates of Return & Costs  
Operating Expenses/ Average Assets -7.81%

The Standard requires that operating expenses should be at most 8% of average assets. The operating expense ratio for 2020 was 7.81%, which was below the required standard. This was a deliberate strategy by Management through various cost containment measures and improved efficiency initiatives.

Net Income / Average Assets 2.24%

The Standard requires that the Credit Union earn 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 2.24% for the year under review 2020. This compared favorably to our Peer Group average of 1.54% for the similar period.

The surplus earned for 2020 of \$418 million enabled us to transfer \$269 million to Statutory Reserves, bringing the Institutional Capital to asset ratio to 13.65% which surpassed the PEARLS standard requirement of 8%.

Return on Savings 1.35%

The Standard requires that the return paid on members' savings should be greater than or equal to the rate of inflation which was 6.4% for 2020. C&WJCCUL returned an average of 1.35% p.a. on members' savings. This average was 1.09% for commercial banks at December 2020<sup>1</sup>. During 2020 the Credit Union paid interest rates on savings of up to 4.5% per annum.

Liquidity  
Liquidity Reserve / Savings and Deposits – 22.04%

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 2020, C&WJCCUL was in compliance with this ratio, holding liquid assets of \$3.31 Billion representing 22.04% of savings and deposits.

Signs of Growth

Membership Growth – 3.18%

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 4,055 members, representing an increase of 3.18% over the previous year. Effort will continue to improve membership growth.

Asset Growth – 10.17%

The Credit Union recorded an asset growth in excess of \$1.8 Billion bringing total assets to \$19.6 Billion at year end. This represents a growth rate of 10.17% for the period under review, which is well above the requirement of the Standard of 6.4% (inflation rate) growth in assets per annum. Effort will continue to improve membership growth.

COVID-19 Pandemic

The Jamaican economy and other global economies were severely impacted by the pandemic, COVID-19. At the onset of the pandemic, the economic outlook reflected significant uncertainty, while the resulting magnitude and duration of the economic impact remained unpredictable.

There is no doubt that our Credit Union can be adversely affected by these challenges. The Board and Management have recognized the heightened risks and opportunities 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.

Recent vaccine approvals have raised hopes of an economic turnaround. The pace of recovery is contingent on the success of the vaccine program, renewed waves and new variants of the virus. Amid this uncertainty, the Jamaican and global economy is expected to grow by 5.2% and 5.5% respectively in 2021.

The Credit Union has taken steps to ensure the safety of its staff and members while optimally executing its delivery of unparalleled quality service in the context of the continuing impact of the pandemic.

A. D. Malcolm

Treasurer  
Ashlyn Malcolm

<sup>1</sup> Bank of Jamaica (BOJ) – Domestic Interest Rates (Commercial Banks Weighted Deposit Rates) as at December 31, 2020





# TREASURER'S REPORT CONTINUED

## Appropriation of 2020 Surplus and Fixing of the Maximum Liability

### Appropriation of 2020 Surplus

#### Surplus Available for Distribution

	\$'000		\$'000
Surplus B/F 2019	16,905	Surplus available for distribution	<u>302,401</u>
Net Surplus for the Year 2020	<u>392,447</u>	Statutory Reserves	(269,463)
Less Transfer to Loan Loss Reserve	<u>-106,950</u>	Share Transfer Fund	-
Surplus available for distribution	<u>302,401</u>	Dividend on Members Qualification Shares 5%	(13,938)
		Honoraria	(9,000)
		Education Reserve	(5,000)
		Disaster & Social Outreach	(5,000)

#### Recommendation of the Board of Directors

The Board of Directors of the Credit Union is making the following recommendation to the meeting with respect of the appropriation of the 2020 surplus

#### 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

*A. D. Malcolm*

Treasurer  
Ashlyn Malcolm



# TREASURER'S REPORT SHEET

Let Us Look At The Money We Have

	2020 \$'000	2019 \$'000	INCREASE (DECREASE)	%
As a group of persons, we have accumulated savings over the past 60 years. This money is shown as:-				
(1) Share Capital	5,601,267	5,159,294	441,973	9%
(11) Deposits	10,578,661	9,436,544	1,142,117	12%
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	2,031,041	1,760,360	270,681	15%
We also have Undistributed Net Income and Other Reserves. This amount is	244,173	130,397	113,776	87%
We owed: interest earned by our members but not yet paid to them, the Sponsor Company (C&WJ), and to some of our members. The amount owed is	1,109,095	1,271,139	-162,044	-13%
The total Amount Available to the Society was	19,564,237	17,757,734	1,806,503	10%

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

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

Some of the money we have, have been used in re-lending to ourselves. This amount is

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.

And so the total funds available, used in the manner set out above , amounted to

775,647	752,912	22,735	3%
4,726,391	3,481,482	1,244,909	36%
13,242,829	12,653,759	589,070	5%
819,370	869,581	-50,211	-6%
19,564,237	17,757,734	1,806,503	10%



# Auditors Report Financial Statements

- 56. LETTER FROM REGISTRAR OF CO-OPERATIVE AND FRIENDLY SOCIETIES
- 57. REPORT OF THE INDEPENDENT AUDITORS TO THE REGISTRAR OF CO-OPERATIVE AND FRIENDLY SOCIETIES
- 64. STATEMENT OF FINANCIAL POSITION
- 65. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 66. STATEMENT OF CHANGES IN EQUITY
- 69. STATEMENT OF CASH FLOWS
- 70. NOTES TO THE FINANCIAL STATEMENTS







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

CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Investment, and Commerce

2 Musgrave Avenue, Kingston 10

Jamaica, W.I.

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

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

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

S1  
R260/376/03/20

March 31, 2021

The Secretary  
Community & 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 financial year ended December 31, 2020.

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

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

An AGM Protocol Documents developed by the Department should be used as a guide in preparing for the Meeting, along with the **Exceptions to Prohibition on Public Gathering Exceeding Specified Number of Persons** available to Societies under the Disaster Risk Management (Enforcement Measures) (No.3) Order, 2021.

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

Yours truly,

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



KPMG  
Chartered Accountants  
P.O. Box 436  
6 Duke Street  
Kingston  
Jamaica, W.I.  
+1 (876) 922 6640  
[firmmail@kpmg.com.jm](mailto:firmmail@kpmg.com.jm)

## 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"), comprising the separate financial statements of the Co-operative and its subsidiary (collectively, "the Group") set out on pages 8 to 86, which comprise the Group's and Co-operative's statement of financial position as at December 31, 2020, the Group's and Co-operative's 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 Group and Co-operative as at December 31, 2020, and of the Group's and Co-operative's 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 International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

## HOPE GARDENS

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

## MANDEVILLE, MANCHESTER

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

## MONTEGO BAY, ST. JAMES

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





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)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit loss on financial assets

The key audit matter	How the matter was addressed in our audit
<p>The Group is required to recognize expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgement and estimates.</p> <p>The key areas requiring greater management judgement include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.</p> <p>These estimates involve increased judgment as a result of the economic impact of Covid-19 on the Group's financial assets. Management considered the following:</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"><li>Assessing and testing the design and implementation of the Group's control over the determination of expected credit losses.</li><li>Obtaining an understanding of the models used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements.</li><li>Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.</li></ul>



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)

Key Audit Matters (continued)

1. Expected credit loss on financial assets (continued)

The key audit matter (continued)	How the matter was addressed in our audit (continued)
<ul style="list-style-type: none"><li>qualitative factors that create COVID-19 related changes to SICR.</li><li>increased uncertainty about potential future economic scenarios and their impact on credit losses.</li></ul> <p>Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement.</p> <p>We therefore determined that the impairment of financial assets has a high degree of estimation uncertainty.</p> <p><i>[see note 34 (a) (iv) of the financial statements]</i></p>	<p>Our procedures in this area included the following (continued):</p> <ul style="list-style-type: none"><li>Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default.</li><li>Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weightings applied to them.</li><li>Evaluating the adequacy of the financial statement disclosures, including disclosures of the key assumptions and judgements, for compliance with IFRS 9.</li></ul>





## 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)

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### *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.



## 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*

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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, 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.

The engagement partner on the audit resulting in this independent auditors' report is Wilbert Spence.

Chartered Accountants  
Kingston, Jamaica

March 31, 2021





## 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)*

**Appendix to the Independent Auditors' report**

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.
- 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 Group'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 Group'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.



## 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)*

**Appendix to the Independent Auditors' report**

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.




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

Statement of Financial Position  
December 31, 2020

	Notes	Group 2020 \$'000	Co-operative 2020 \$'000	2019 \$'000
<b>ASSETS</b>				
<b>EARNING ASSETS</b>				
Loans to members	5	13,242,829	13,227,400	12,653,759
Liquid assets	6	2,890,518	2,890,518	1,932,162
Financial investments	7	1,835,873	1,835,873	1,185,924
Total earning assets		17,969,220	17,953,791	15,771,845
<b>NON-EARNING ASSETS</b>				
Liquid assets	8	224,996	210,436	245,355
Other assets	9	177,916	177,916	146,928
Pledged assets	10	-	-	363,396
Property, plant and equipment	11	775,647	775,647	752,912
Intangible assets	12	388,289	388,289	428,387
Assets held-for-sale	13	13,500	13,500	32,000
Right-of-use assets	14	14,669	14,669	16,911
Investment in subsidiary		-	10	-
Total non-earning assets		1,595,017	1,580,467	1,985,889
<b>TOTAL ASSETS</b>		19,564,237	19,534,258	17,757,734
<b>LIABILITIES AND CAPITAL</b>				
<b>INTEREST BEARING LIABILITIES</b>				
Lease liabilities	14	13,978	13,978	17,145
Voluntary shares	15	4,422,510	4,422,510	3,987,005
Deferred shares	16	900,000	900,000	901,054
Saving deposits	17	10,578,661	10,578,661	9,436,544
Due to other institutions	18	42,447	42,447	42,517
External credits	19	368,780	368,780	563,963
Total interest bearing liabilities		16,326,376	16,326,376	14,948,228
<b>NON-INTEREST BEARING LIABILITIES</b>				
Accruals	20	199,829	199,259	203,272
Payables	21	217,004	217,004	206,576
Others	22	267,057	263,570	237,666
Total non-interest bearing liabilities		683,890	679,833	647,514
<b>TOTAL LIABILITIES</b>		17,010,266	17,006,209	15,595,742
<b>CAPITAL</b>				
Permanent shares	23	278,757	278,757	271,235
Institutional capital	24	2,031,041	2,031,041	1,760,360
		2,309,798	2,309,798	2,031,595
Non-institutional capital	25	244,173	218,251	130,397
<b>TOTAL CAPITAL</b>		2,553,971	2,528,049	2,161,992
<b>TOTAL LIABILITIES AND CAPITAL</b>		19,564,237	19,534,258	17,757,734

The financial statements on pages 5 to 86 were approved by the Board of Directors on March 27, 2021 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)

Statement of Profit or Loss and Other Comprehensive Income  
December 31, 2020

	Notes	Group 2020 \$'000	Co-operative 2020 \$'000	2019 \$'000
<b>INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD</b>				
<b>INTEREST INCOME</b>				
Loans to members		1,857,729	1,855,969	1,625,279
Liquid assets		71,587	71,587	81,441
Financial investments		79,965	79,965	63,207
		2,009,281	2,007,521	1,769,927
<b>INTEREST EXPENSE</b>				
Saving deposits		182,453	182,453	197,537
Members' shares		10,019	10,019	8,613
Deferred shares		48,912	48,912	64,991
Due to other institutions		14,206	14,206	5,751
Other financial costs	27	85,398	85,398	84,583
		340,988	340,988	361,475
<b>NET INTEREST INCOME</b>		1,668,293	1,666,533	1,408,452
Decrease in provision for impairment losses on investments		10,149	10,149	10,668
Increase in provision for impairment losses on loans		( 156,818)	( 156,808)	( 116,940)
<b>NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT LOSSES ON LOANS</b>		1,521,624	1,519,874	1,302,180
<b>NON- INTEREST INCOME</b>				
Fees		248,347	248,844	326,443
Rental income		14,832	14,832	12,319
Others	28	107,886	107,886	198,451
		371,065	371,562	537,213
<b>GROSS INCOME</b>		1,892,689	1,891,436	1,839,393
<b>OPERATING EXPENSES</b>	29	(1,457,416)	(1,482,085)	(1,474,522)
<b>SURPLUS BEFORE HONORARIA AND OTHER PAYMENTS</b>		435,273	409,351	364,871
Honoraria		( 8,900)	( 8,900)	( 8,960)
Disaster and social outreach		( 2,829)	( 2,829)	( 3,679)
Scholarship fund		( 5,175)	( 5,175)	( 4,509)
<b>SURPLUS AFTER HONORARIA AND OTHER PAYMENTS</b>		418,369	392,447	347,723
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>				
Item that maybe reclassified to surplus or deficit:				
Change in fair value of debt securities at fair value through other comprehensive income		( 16,303)	( 16,303)	28,297
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		402,066	376,144	376,020



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

Statement of Changes in Equity  
December 31, 2020

Group  
2020

	INSTITUTIONAL CAPITAL					NON-INSTITUTIONAL CAPITAL						
	Permanent shares \$'000 (note 23)	Statutory & legal reserve \$'000 (note 24)	General reserve \$'000 (note 24)	Business combination reserve \$'000 (note 24)	Retained earnings reserve \$'000 (note 24)	Total \$'000	Loan loss reserves \$'000 (note 25)	Fair value reserve \$'000 (note 25)	Other Non-qualifying reserve \$'000 (note 25)	Undistributed net surplus \$'000 (notes 24,25)	Total \$'000	Grand total \$'000
Balances at December 31, 2019	271,235	1,232,189	12,449	489,534	26,188	1,760,360	15,363	49,411	24,924	40,699	130,397	2,161,992
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income:												
Change in fair value of equity at FVOCI being total other comprehensive income	-	-	-	-	-	-	-	(16,303)	-	-	(16,303)	(16,303)
Total comprehensive income for the year	-	-	-	-	-	-	-	(16,303)	-	418,369	418,369	418,369
Transactions with members and movements in reserve												
Entrance fees	-	1,218	-	-	-	1,218	-	-	-	-	-	1,218
Shares amount subscribed	7,522	-	-	-	-	-	-	-	-	-	-	7,522
Appropriation of net surplus for 2020	-	-	-	-	-	-	-	-	-	-	-	-
Dividends on membership qualification shares (note 24)	-	-	-	-	-	-	-	-	-	(21,699)	(21,699)	(21,699)
Transfer to loan loss reserve	-	-	-	-	-	-	106,950	-	-	(106,950)	-	-
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	23	-	23	23
Share transfer fund	-	-	-	-	-	-	-	-	2,783	-	2,783	2,783
Disaster and social outreach fund	-	-	-	-	-	-	-	-	2,340	(2,174)	166	166
Scholarship fund	-	-	-	-	-	-	-	-	(175)	175	-	-
Honorarium	-	-	-	-	-	-	-	-	-	(100)	(100)	(100)
Transfer to statutory reserve 89.11% (78.87%) of surplus for the year before honoraria and other payments	-	269,463	-	-	-	269,463	-	-	-	(269,463)	(269,463)	-
Total transactions with members and movements in reserves	7,522	270,681	-	-	-	270,681	106,950	-	4,971	(400,211)	(288,290)	(10,087)
Balances at December 31, 2020	278,757	1,502,870	12,449	489,534	26,188	2,031,041	122,313	33,108	29,895	58,857	244,173	2,553,971

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

Statement of Changes in Equity  
December 31, 2020

Co-operative  
2020

	INSTITUTIONAL CAPITAL					NON-INSTITUTIONAL CAPITAL						
	Permanent shares \$'000 (note 23)	Statutory & legal reserve \$'000 (note 24)	General reserve \$'000 (note 24)	Business combination reserve \$'000 (note 24)	Retained earnings reserve \$'000 (note 24)	Total \$'000	Loan loss reserves \$'000 (note 25)	Fair value reserve \$'000 (note 25)	Other Non- qualifying reserve \$'000 (note 25)	Undistributed net surplus \$'000 (notes 24,25)	Total \$'000	Grand total \$'000
Balances at December 31, 2019 carried forward from page 7	271,235	1,232,189	12,449	489,534	26,188	1,760,360	15,363	49,411	24,924	40,699	130,397	2,161,992
<b>Total comprehensive income for the year</b>												
Surplus for the year	-	-	-	-	-	-	-	-	-	392,447	392,447	392,447
Other comprehensive income:												
Change in fair value of equity at FVOCI being total other comprehensive income	-	-	-	-	-	-	-	(16,303)	-	-	(16,303)	(16,303)
Total comprehensive income for the year	-	-	-	-	-	-	-	(16,303)	-	392,447	376,144	376,144
<b>Transactions with members and movements in reserves</b>												
Entrance fees	-	1,218	-	-	-	1,218	-	-	-	-	-	1,218
Shares amount subscribed	7,522	-	-	-	-	-	-	-	-	-	-	7,522
Appropriation of net surplus for 2020												
Dividends on membership qualification shares (note 24)	-	-	-	-	-	-	-	-	-	(21,699)	(21,699)	(21,699)
Transfer to loan loss reserve	-	-	-	-	-	-	106,950	-	-	(106,950)	-	-
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	23	-	23	23
Share transfer fund	-	-	-	-	-	-	-	-	2,783	-	2,783	2,783
Disaster and social outreach fund	-	-	-	-	-	-	-	-	2,340	(2,174)	166	166
Scholarship fund	-	-	-	-	-	-	-	-	(175)	175	-	-
Honorarium	-	-	-	-	-	-	-	-	-	(100)	(100)	(100)
Transfer to statutory reserve 89.11% (78.87%) of surplus for the year before honoraria and other payments	-	269,463	-	-	-	269,463	-	-	-	(269,463)	(269,463)	-
Total transactions with members and movements in reserves	7,522	270,681	-	-	-	270,681	106,950	-	4,971	(400,211)	(288,290)	(10,087)
Balances at December 31, 2020	278,757	1,502,870	12,449	489,534	26,188	2,031,041	122,313	33,108	29,895	32,935	218,251	2,528,049



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

Statement of Changes in Equity (continued)  
December 31, 2020

	Co-operative 2019											
	INSTITUTIONAL CAPITAL					NON-INSTITUTIONAL CAPITAL						
	Permanent shares \$'000 (note 23)	Statutory & legal reserve \$'000 (note 24)	General reserve \$'000 (note 24)	Business combination reserve \$'000 (note 24)	Retained earnings reserve \$'000 (note 24)	Total \$'000	Loan loss reserves \$'000 (note 25)	Fair value reserve \$'000 (note 25)	Other Non-qualifying reserve \$'000 (note 25)	Undistributed net surplus \$'000 (notes 24,25)	Grand total \$'000	
Balances at December 31, 2018	260,795	916,400	12,449	489,534	26,188	1,444,571	15,363	21,114	23,302	34,725	94,504	1,799,870
<b>Total comprehensive income for the year</b>												
Surplus for the year	-	-	-	-	-	-	-	-	-	347,723	347,723	347,723
Other comprehensive income:												
Change in fair value of equity at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
being total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	347,723	376,020	376,020
<b>Transactions with members and movements in reserves</b>												
Entrance fees	-	1,617	-	-	-	1,617	-	-	-	-	-	1,617
Shares amount subscribed	10,440	-	-	-	-	-	-	-	-	-	-	10,440
Appropriation of net surplus for 2019:												
Dividends on membership qualification shares (note 24)	-	-	-	-	-	-	-	-	-	( 15,765)	( 15,765)	( 15,765)
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	( 95)	-	( 95)	( 95)
Disaster and social outreach fund	-	-	-	-	-	-	-	-	1,321	( 1,321)	-	-
Scholarship fund	-	-	-	-	-	-	-	-	( 269)	( 491)	( 760)	( 760)
Transfer to share transfer fund, net	-	-	-	-	-	-	-	-	665	( 10,000)	( 9,335)	( 9,335)
Transfer to statutory reserve [86.10% of net surplus for the year before honoraria and other payments]	-	314,172	-	-	-	314,172	-	-	-	(314,172)	(314,172)	-
Total transactions with members and movements in reserves	10,440	315,789	-	-	-	315,789	-	-	1,622	(341,749)	(340,127)	( 13,898)
Balances at December 31, 2019	271,235	1,232,189	12,449	489,534	26,188	1,760,360	15,363	49,411	24,924	40,699	130,397	2,161,992

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

Statement of Cash Flows  
December 31, 2020

	Notes	Group 2020 \$'000	Co-operative 2020 \$'000	2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Surplus for the year		418,369	392,447	347,723
Adjustments for:				
Depreciation- property, plant and equipment	11	43,793	43,793	39,912
Depreciation - right-of-use assets	14	2,242	2,242	3,702
Amortisation	12	40,098	40,098	42,776
Gain on disposal of property, plant and equipment		-	-	( 21,653)
Gain on write off property, plant and equipment		-	-	( 10,297)
Gain on assets held-for-sale		1,187	1,187	( 32,000)
Impairment losses on loans	5	156,818	156,809	116,940
Impairment losses on investments	34(a)(iii)	( 10,149)	( 10,149)	( 10,668)
Interest income		(2,009,281)	(2,007,521)	(1,769,928)
Interest expense		339,867	339,867	360,142
Interest expense on lease liabilities	14	1,121	1,121	1,332
		(1,015,935)	(1,040,106)	( 932,019)
<b>Changes in operating assets and liabilities</b>				
Loans to members		( 658,586)	( 643,150)	(2,101,962)
Saving deposits		1,140,417	1,140,417	201,953
Voluntary shares and deferred shares		434,450	434,450	683,027
Other assets		( 30,988)	( 30,988)	( 51,284)
Pledged assets		363,396	363,396	( 363,396)
Accruals		( 3,443)	( 4,012)	46,876
Payables		10,428	10,428	( 31,805)
Other non-interest-bearing liabilities		29,390	25,904	35,247
Due to other institutions		( 70)	( 70)	( 5,377)
External credits		( 195,183)	( 195,183)	413,010
		73,876	61,086	(2,105,730)
Interest received		1,911,567	1,909,807	1,771,793
Interest paid		( 338,167)	( 338,167)	( 354,547)
<b>Net cash provided/(used) by operating activities</b>		1,647,276	1,632,726	( 688,484)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Financial investments		( 642,817)	( 642,817)	567,912
Purchase of property, plant and equipment	11	( 66,528)	( 66,528)	( 72,816)
Purchase of intangible assets	12	-	-	( 999)
Investment in subsidiary		-	( 10)	-
Proceeds on disposal of property, plant and equipment		-	-	119,896
Proceeds on sale of foreclosed properties		17,313	17,313	-
<b>Net cash (used)/provided by investing activities</b>		( 692,032)	( 692,042)	613,993
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Permanent shares		7,522	7,522	10,440
Entrance fees		1,218	1,218	1,617
Dividends on membership shares		( 21,699)	( 21,699)	( 15,765)
Lease payments	14(a)(iv)	( 4,288)	( 4,288)	( 4,799)
<b>Net cash used by financing activities</b>		( 17,247)	( 17,247)	( 8,507)
<b>Increase/(decrease) in cash and cash equivalents</b>		937,997	923,437	( 82,998)
<b>Cash equivalents at beginning of year</b>		2,177,517	2,177,517	2,260,515
<b>Cash equivalents at end of year</b>		3,115,514	3,100,954	2,177,517
<b>Comprised of:</b>				
Liquid Assets: Earning	6	2,890,518	2,890,518	1,932,162
Liquid Assets: Non-earning	8	224,996	210,436	245,355
		3,115,514	3,100,954	2,177,517



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

Notes to the Financial Statements  
December 31, 2020

1. Identification

Community & Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) ("Co-operative") is incorporated and domiciled in Jamaica, 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.

The Co-operative listed its deferred shares on Jamaica Stock Exchange on July 31, 2020 (see note 16).

The Co-operative's wholly-owned subsidiary, C&WJCU Holdings Limited, was incorporated in Jamaica on August 1, 2019. The principal activity of subsidiary, which is domiciled in Jamaica, is the holding of loan portfolios for other loans.

The Co-operative and its subsidiary are collectively referred to as "the Group".

Membership in the Co-operative is limited to:

(A) All registered societies and:

- (i) Employees and ex-employees of Cable & Wireless Jamaica Limited 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 members.
- (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)

Notes to the Financial Statements (Continued)  
December 31, 2020

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 savings 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. Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the provision of the relevant provisions of the Act.

(b) Basis of measurement:

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

(c) Functional and presentation currency

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

(d) 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 Group'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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Co-operative and its subsidiary presented as a single economic entity.

A subsidiary is an entity controlled by the Co-operative. The Co-operative controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group transactions, balances and unrealised gains on transactions between the Co-operative and the subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the subsidiary are consistent with those of the Co-operative.

(b) 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 institutions and external credits.

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 Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Group initially recognises loans and deposits 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 Group measures a financial asset or financial liability at its fair value, plus or minus, for 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

(ii) Classification and subsequent remeasurement

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

Based on these factors, the Group 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).

(ii) Classification and subsequent remeasurement

*Debt instruments*

- *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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

**Financial assets (continued)**

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

- (ii) Classification and subsequent remeasurement (continued)

*Debt instruments (continued)*

- *Business model:* the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group'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 Group 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 Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

- (ii) Classification and subsequent remeasurement (continued)

**Financial assets (continued)**

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

*Debt instruments (continued)*

The Group 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.

*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 Group subsequently measures all equity investments at fair value through profit or loss, except where the Group'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.

*Modified financial assets*

Where the modification to the contractual terms of a loan is substantial, the existing loan is derecognised and a new renegotiated loan is recognised at a new effective interest rate. Where the modification is not substantial and does not result in derecognition, the gross carrying amount of the loan is calculated by discounting the modified cash flows using the original effective interest rate. Credit risk is assessed by comparing the remaining lifetime probability of default (PD) at the reporting date based on the modified terms with the remaining lifetime PD at initial recognition and based on the original terms.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

(ii) Classification and subsequent remeasurement (continued)

**Financial liabilities**

Financial liabilities are classified as subsequently measured at amortised cost.

(iii) Derecognition

**Financial assets**

The Group 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 Group 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.

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 Group is recognised as a separate asset or liability.

**Financial liabilities**

The Group 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 Group 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

(iv) Measurement and gains and losses (continued)

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) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Specific financial instruments

(1) Loans to members

Loans in the statement of financial position include loans measured at amortised cost. They are initially measured at fair value, plus incremental direct transaction costs and are subsequently measured at amortised cost less any expected credited loss allowance.

(2) 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.

(3) 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 Group 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.

(4) Other non-earning assets:

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



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

(vi) Specific financial instruments (continued)

(5) 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.

(6) 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 Group's statement of financial position but is segregated as pledged assets.

(7) Non-interest bearing liabilities

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

Provisions are recognised when the Group 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.

(8) 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.

(9) External credits:

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

The Group 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

(vii) Impairment (continued)

The Group 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 Group does not apply the low credit risk exemption to any other financial instruments.

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 Group 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 Group if the commitment is drawn and the cash flows that the Group 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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

(vii) Impairment (continued)

*Credit-impaired financial assets*

At each reporting date, the Group 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 Group on terms that the Group 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 Group 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(b) 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 Group 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 Group'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 reserve as an appropriation of undistributable surplus.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(c) Employee benefits:

Employee benefits are all forms of consideration given by the Group 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 Group 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.

(d) Property, plant and equipment:

(i) Measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see note 3(p)]. 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 Group 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 and work-in-progress are not depreciated.

The annual rates are as follows:

Buildings	2%
Leasehold improvements	10%
Motor vehicles	20%
Computer equipment	20%
Equipment, furniture and 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(e) 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 Cooperative Societies Act. These are set aside in order to strengthen the capital base of the Group and thereby protect the interest of the members. These amounts are not available for distribution.

(f) 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%.

(g) 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 10, an individual ceasing to be a member of the Group, 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 Group 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 24).

(ii) Voluntary shares

Members' voluntary shares represent deposit holdings of the Cooperative'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 Group and reported as interest in surplus or deficit in the period in which they are approved.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(h) 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(i) 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.

(j) 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 Group 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 Group'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 Group 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 Group.	Revenue related to transactions is recognised at the point in time when the transaction takes place.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(k) Dividends

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

(l) League fees and stabilization dues:

JCCUL has fixed the rate of league fees at 0.20% (2019: 0.20%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2019: 0.15%) of total savings.

(m) 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.

(n) 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 Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group 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 Group incurs in connection with a business combination are expensed as incurred.

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

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(o) 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.

(p) Impairment of non-financial assets

The carrying amounts of the Group'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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(p) 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.

(q) Leases

At inception of a contract, the Group 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 Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group 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 Group branch has elected to separate non-lease components and account for these separately.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(q) Leases (continued)

(i) As a lessee (continued)

The Group 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 Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by reference to rates from external services adjusted to reflect the terms of the lease.

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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(q) Leases (continued)

(i) As a lessee (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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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 Group presents right-of-use assets that do not meet the definition of investment property in lease liabilities in the statement of financial position.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Co-operative allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

To classify the lease, the Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group 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 Group as a lessor in the comparative period were not different from IFRS 16.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(r) 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 surplus or deficit. Amounts used for recurring expenses are recognised in surplus or deficit as the expenses are incurred.

(s) Assets held-for-sale

Properties which are foreclosed by the Group are 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 surplus or deficit.

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

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

- Amendment to IFRS 16 (continued)

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Amendments to IAS 16 *Property, Plant and Equipment*, effective for annual periods beginning on or after January 1, 2022, will mainly affect extractive and petrochemical industries and include the following guidance.

In the process of making an item of property, plant and equipment (PPE) available for its intended use, a company may produce and sell items – e.g. minerals extracted in the process of constructing an underground mine or oil and gas from testing wells before starting production. It provides guidance on the accounting for such sale proceeds and the related production costs.

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 *Inventories* should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between, costs associated with producing and selling items before the item of PPE is available for use, and costs associated with making the item of PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to; disclose separately the sales proceeds and related production cost recognised in profit or loss, and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

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

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

(i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

(ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

(iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

The Group does not expect these amendments to have a significant impact on its financial statements when they become effective.

(u) New and amended standards adopted during the year

Certain new and amended standards which were in issue came into effect during the year. The adoption of those standards did not have any impact on the amounts recognised or disclosures in the financial statements.

4. 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, and future periods if the revision affects both current and future periods.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

4. Critical accounting estimates and judgements (continued)

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 Group’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 34(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 Group’s financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. That yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach which is categorised as a Level 2 fair value. Some other fair values are estimated based on quotes published by a broker/dealer, and these are also classified as Level 2 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 34(f).



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

Notes to the Financial Statements (Continued)  
December 31, 2020

5. Loans to members

	Group	Co-operative	
	2020	2020	2019
	\$'000	\$'000	\$'000
Balance at beginning for year	12,836,002	12,836,002	10,886,370
Loans granted	5,116,675	5,090,420	6,091,305
	17,952,677	17,926,422	16,977,675
Less: repayments and transfers	( 4,657,407)	( 4,646,590)	( 4,141,673)
	13,295,270	13,279,832	12,836,002
Less: Impairment loss allowance	( 212,595)	( 212,587)	( 255,098)
	13,082,675	13,067,245	12,580,904
Loan interest receivable	160,154	160,155	72,855
Balance at end of year	13,242,829	13,227,400	12,653,759
	2020	2020	2019
	\$'000	\$'000	\$'000
Loans to members, before impairment loss allowance, comprise:			
Motor vehicle loans	6,515,175	6,499,737	6,050,579
Cash secured loans	1,426,580	1,426,580	1,568,674
Home equity loans	472,232	472,232	517,636
Mortgage loans	896,308	896,308	901,067
Unsecured loans	3,836,923	3,836,923	3,398,381
Other loans	148,052	148,052	399,665
	13,295,270	13,279,832	12,836,002

The aggregate amount of non-performing loans on which interest is not being accrued amounted to \$120,273,000 for the Group and Co-operative (2019: \$227,473,000 for the Co-operative). Uncollected interest not accrued in these financial statements on these loans was estimated at \$6,686,000 for the Group and Co-operative (2019: \$18,591,000 for the Co-operative).

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

	Group	Co-operative	
	2020	2020	2019
	\$'000	\$'000	\$'000
Balance at beginning of year	255,098	255,098	290,597
Charge for the year	156,818	156,808	116,940
Write-offs	(199,321)	(199,319)	(152,439)
Balance at end of year, being specific provision made	212,595	212,587	255,098

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

Notes to the Financial Statements (Continued)  
December 31, 2020

5. Loans to members (continued)

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

	Group and Co-operative				Co-operative			
	2020				2019			
	Number of	Loans in	Rate	Loan loss	Number of	Loans in	Rate	Loan loss
	loans in	arrears	%	provision	loans in	arrears	%	provision
		\$'000		\$'000		\$'000		\$'000
1 month	172	140,384	-	-	266	109,023	-	-
2 to 3 months	114	76,476	10	7,647	134	47,270	10	4,727
4 to 6 months	129	42,021	30	12,606	324	117,637	30	35,291
7 to 12 months	110	78,253	60	46,952	362	109,836	60	65,901
	525	337,134		67,205	1,086	383,766		105,919

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

	2020	2019
	\$'000	\$'000
Regulatory loan loss provision	67,205	105,919
General provision	267,695	164,542
IFRS provision	(212,587)	(255,098)
Loan loss reserve [note 25(a)]	122,313	15,363

6. Earning assets – Liquid assets

	Group and	Co-operative
	Co-operative	
	2020	2019
	\$'000	\$'000
<b>Financial assets at amortised cost</b>		
Savings account balances	33,749	11,888
Securities purchased under resale agreements	534,145	127,666
The Victoria Mutual Building Society deposit	46,599	22,632
Certificates of deposit (maturity less than 9 months)	849,811	670,616
Jamaica Money Market Brokers Limited Save Smart account	27,827	24,845
	1,492,131	857,647
Less impairment loss allowance	( 604)	( 10,686)
	1,491,527	846,961
<b>Financial assets at fair value through profit or loss</b>		
Units in money market funds:		
Cumax Money Market Funds	1,398,991	1,085,201
	2,890,518	1,932,162

The fair value of the underlying securities used to collateralise the securities purchased under resale agreements was \$570,047,000 (2019: \$142,247,000).



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

Notes to the Financial Statements (Continued)  
December 31, 2020

7. Earning assets - financial investments

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
<b>Investment securities at amortised cost</b>		
Government of Jamaica benchmark investment notes	48,455	5,959
Corporate bonds:		
National Road Operating and Constructing Company Limited (NROCC) 9.375% FR 2024	57,621	-
Air Jamaica FR 8.125% 2027	34,294	-
138 Student Living Jamaica 10% VR 2026	20,000	20,000
Barita Investment Promissory Notes	90,000	-
West Indies Petroleum Note FR 10%	50,000	37,000
NCB Capital Market Note FR 4.25%	150,000	-
Cornerstone United Holding Limited Note FR 7.25%	50,000	-
JMMB Unsecured FR 5.5% Note	28,349	26,484
Proven Wealth Indexed Note	53,360	47,204
Admiralty VR 2021 Note	-	4,253
Bray Construction Corporate Note	5,336	-
Deferred shares:		
COK Solidarity Co-operative Credit Union Limited	24,000	24,000
FHC Group Credit Union Limited	20,000	20,000
Jamaica Police Group Credit Union Limited	20,000	-
The Victoria Mutual Building Society	398,000	248,000
Certificates of deposit (maturity date greater than 9 months)	14,648	14,138
	1,064,063	447,038
Less impairment loss allowance	(5,557)	(2,658)
	<u>1,058,506</u>	<u>444,380</u>
<b>Investment securities at fair value through other comprehensive income</b>		
Quoted equities	149,207	125,263
Investment in shares in unlisted entities:		
Cable and Wireless Jamaica Limited	580	580
Credit Union Fund Management Company Limited	86,259	86,259
Caribbean Assurance Brokers Limited	-	13,369
Quality Network Group Limited ("QNET")	14,784	14,784
Jamaica Co-operative Insurance Agency Limited	17,050	17,050
Centralized Strategic Services Limited (CSS)	33	33
	<u>267,913</u>	<u>257,338</u>
Balance carried forward	<u>1,326,419</u>	<u>701,718</u>

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

Notes to the Financial Statements (Continued)  
December 31, 2020

7. Earning assets - financial investments (continued)

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Balance brought forward	<u>1,326,419</u>	<u>701,718</u>
<b>Investment securities at fair value through profit or loss</b>		
JMMB managed portfolio	449,306	430,414
Jamaica Co-operative Credit Union League Limited [note (a)]	16,060	16,061
Unit in unit trust funds:		
Jamaica Unit Trust	82	82
Barita Investments Limited Money Market Fund	2,119	-
The Victoria Mutual Building Society Fund	5,582	5,582
JMMB Investment Fund	11,575	11,575
MoneyMasters Unit Trust	2,000	-
Sagcor Investment Funds	17,926	15,713
Scotia Investment Funds	4,804	4,779
	<u>509,454</u>	<u>484,206</u>
	<u>1,835,873</u>	<u>1,185,924</u>

(a) A minimum of 2,008,000 shares, each with a par value of \$1.00, must be held with the JCCUL for the Co-operative to retain membership status.

8. Non-earning liquid assets

	Group 2020 \$'000	Co-operative 2020 \$'000	Co-operative 2019 \$'000
Cash balances	85,830	71,270	94,987
Current account balance	<u>139,166</u>	<u>139,166</u>	<u>150,368</u>
	<u>224,996</u>	<u>210,436</u>	<u>245,355</u>

9. Other assets

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Interest receivable	24,113	13,699
Other receivables	<u>153,803</u>	<u>133,229</u>
	<u>177,916</u>	<u>146,928</u>







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

Notes to the Financial Statements (Continued)  
December 31, 2020

12. Intangible assets

	Group and Co-operative					Total \$'000
	Trademarks \$'000	Goodwill \$'000	Customer relationships \$'000	Core deposits \$'000	Computer software \$'000	
Cost:						
December 31, 2018	2,430	90,052	63,921	139,354	296,948	592,705
Additions	-	-	-	-	999	999
December 31, 2019 and 2020	2,430	90,052	63,921	139,354	297,947	593,704
Amortisation:						
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
Charge for the year	-	-	5,326	11,612	23,160	40,098
December 31, 2020	2,430	-	39,929	34,273	128,783	205,415
Net book values:						
December 2020	-	90,052	23,992	105,081	169,164	388,289
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 entity 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	2020		2019	
	Discount rates	Growth rates	Discount rates	Growth rates
D&GECCUL	21%	2%	20%	3%
ICDCU	21%	2%	20%	3%
NWCCU	21%	2%	20%	3%
STECCUL	21%	2%	20%	3%
WCCU	21%	2%	20%	3%

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

Notes to the Financial Statements (Continued)  
December 31, 2020

13. Assets held-for-sale

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

14. Leases

(a) Leases as lessee

(i) Right-of-use assets

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

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Balance at January 1	16,911	20,613
Depreciation charge for the year	(2,242)	(3,702)
Balance at December 31	14,669	16,911

(ii) Lease liabilities

Undiscounted cashflows of lease liability:

Less than one year	3,428	4,506
One to five years	13,265	15,600
More than five years	11,954	14,610
	28,647	34,716
Less unamortized interest	(14,669)	(17,571)
Carrying amount of lease liabilities	13,978	17,145

(iii) Amounts recognised in profit or loss

Interest on lease liabilities	1,121	1,332
Other lease expense	-	15,740

(iv) Amounts recognised in statement of cash flows

Total cash outflow for leases	4,288	4,799
-------------------------------	-------	-------



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

Notes to the Financial Statements (Continued)  
December 31, 2020

14. Leases (continued)

(a) Leases as lessee (Continued)

(v) *Extension options*

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group 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 Group 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 Group and Co-operative earned property rental income of \$14,832,000 (2019: \$12,318,000 the Co-operative) under operating leases. Direct operating expenses arising on the property in the period was \$Nil (2019: \$Nil).

15. Voluntary shares

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Balance at beginning of year	3,987,005	3,330,730
Amount subscribed	5,623,713	3,963,354
Interest capitalised	10,019	8,613
	9,620,737	7,302,697
Withdrawals and transfers	(5,198,227)	(3,315,692)
Balance at end of year	4,422,510	3,987,005

Voluntary shares are issued at a par value of \$2 per share. Interest is paid at a rate of 0.25% per annum.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

16. Deferred shares

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Fixed rate (i)	-	1,054
Deferred Shares – 7.35% Variable(ii)	900,000	900,000
	900,000	901,054

(i) These shares were issued at a par value of \$2 per share. They were not withdrawable for a period of five (5) years and attracted 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 twenty 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 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.

17. Saving deposits

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Salary deposits	176,397	123,935
Ordinary deposits	2,375,286	1,973,473
Golden harvest deposits	201,016	280,083
Golden anchor deposits	1,042,195	806,506
Special deposits	790,494	590,972
Special fixed deposits	3,203,661	3,049,380
Mortgage deposits	45,834	45,284
Long-term savings deposits	100,829	98,086
Early bird savings	104,310	85,950
Partner savings accounts	138,760	164,230
High yield savings accounts	314,943	296,651
Save as you earn (SAYE)	1,212,890	1,198,540
Solid saver	311,333	293,920
Other deposits	560,713	429,534
Total savings deposits	10,578,661	9,436,544



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

Notes to the Financial Statements (Continued)  
December 31, 2020

18. Due to other institutions

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Jamaica Urban Transit Company (JUTC) revolving loan fund	4,930	5,000
Carib Star Shipping Limited staff fund	1,574	1,574
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	19,823	19,823
JA REACH fund	6,311	6,311
	<u>42,447</u>	<u>42,517</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.

19. External credits

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
NHT Jump Start loan (i)	141,362	134,798
Barita Promissory Note (ii)	200,000	-
Moneymasters Revolving Loan (iii)	-	376,032
Sharetec loan (iv)	27,418	53,133
	<u>368,780</u>	<u>563,963</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 Group's credit policy. Each qualifying member can access a loan up to \$850,000 at any one time but the maximum loan 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 represented short-term loan facilities with Moneymasters Limited which bore interest at rates ranging from 2.80% to 3.50% and were repayable over 1 to 180 days. The loans were collateralised by financial investment securities held (note 10).

(iv) This represents a promissory note with Barita Investments Limited which bears interest at 5.50% and is repayable over 365 days.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

20. Accruals

	Group 2020 \$'000	Co-operative 2020 \$'000	Co-operative 2019 \$'000
Interest payable	74,221	74,221	72,521
Accrued vacation	23,104	23,104	30,285
Other accruals	<u>102,504</u>	<u>101,934</u>	<u>100,466</u>
	<u>199,829</u>	<u>199,259</u>	<u>203,272</u>

21. Payables

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Withholding tax	3,623	3,101
Statutory contributions	50,695	33,900
Pensions contributions payable	4,498	2,040
Standing order payments	102,813	119,982
Sundry credit balances	<u>55,375</u>	<u>47,553</u>
	<u>217,004</u>	<u>206,576</u>

22. Other non-interest bearing liabilities

	Group 2020 \$'000	Co-operative 2020 \$'000	Co-operative 2019 \$'000
Advances - Cable & Wireless Jamaica Limited	59,548	59,548	58,880
Standing orders/members holding account	11,426	11,426	11,436
Sundry payables	8,959	5,470	-
Estate - deceased members	67,195	67,195	46,315
Death benefits	11,608	11,608	11,608
Deferred income (a)	2,572	2,572	4,108
Refundable to former members	7,258	7,258	7,258
Miscellaneous	<u>98,491</u>	<u>98,493</u>	<u>98,061</u>
	<u>267,057</u>	<u>263,570</u>	<u>237,666</u>

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

23. Permanent shares

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
	<u>278,757</u>	<u>271,235</u>

Permanent shares are issued at a par value of \$2 per share. They form part of the permanent capital of the Co-operative and are not withdrawable [note 3(g)(i)].



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

Notes to the Financial Statements (Continued)  
December 31, 2020

23. Permanent shares (continued)

In a meeting of the Board of Directors held on March 28, 2020 (2019: April 27, 2019) a dividend of \$21,699,000 (2019: \$ 15,765,000) representing approximately 8 % (2019: 6%) of the value of the membership qualification shares was declared.

24. Institutional capital

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Statutory and legal reserve (i)	1,502,870	1,232,189
General reserve (ii)	12,449	12,449
Business combination reserve (iii)	489,534	489,534
Retained earnings reserve (iv)	26,188	26,188
	<u>2,031,041</u>	<u>1,760,360</u>

(i) Statutory and legal reserve

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Balance at beginning of year	1,232,189	916,400
Transfer for the year 89.11% [(2019: 78.87%) of surplus]	269,463	314,172
Entrance fees	1,218	1,617
Balance at end of year	<u>1,502,870</u>	<u>1,232,189</u>

As required by the Co-operative Societies Act a minimum of twenty (20%) of the annual surplus is 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.

(v) Retained earnings reserve

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

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

Notes to the Financial Statements (Continued)  
December 31, 2020

25. Non-institutional capital

	Group 2020 \$'000	Co-operative 2020 \$'000	2019 \$'000
Loan loss reserve (a)	122,313	122,313	15,363
Fair value reserve (b)	33,108	33,108	49,411
Other non-qualifying reserves (c)/(note 26)	29,895	29,895	24,924
Undistributed net surplus	<u>58,857</u>	<u>32,935</u>	<u>40,699</u>
	<u>244,173</u>	<u>218,251</u>	<u>130,397</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 Group's policies over the amount determined under IFRS.

(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 Group to be used for specified purposes determined by the Group or the donors to the specified funds.

26. Other non-qualifying reserves

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Special reserve	10	10
Scholarship fund	3,374	3,549
Disaster and social outreach fund	11,417	9,077
Education reserve	147	147
Development fund	300	300
Share transfer fund	10,983	8,200
Leslie Mills Trust fund	<u>3,664</u>	<u>3,641</u>
	<u>29,895</u>	<u>24,924</u>

27. Other financial costs

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Life savings and loan protection insurance	52,013	45,643
Lease Finance Cost	1,121	1,332
Bonding insurance	-	1,511
Bank charges	24,766	27,165
ABM fees	7,494	8,911
Other financial cost	<u>4</u>	<u>21</u>
	<u>85,398</u>	<u>84,583</u>



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

Notes to the Financial Statements (Continued)  
December 31, 2020

28. Other non-interest income

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Commission on bill collections and remittance services	12,086	10,644
Gains on foreign exchange	10,581	6,327
Realised gains on investments	28,040	21,310
Family Indemnity Plan commission	13,360	9,645
Dividends on equity investments	2,150	4,000
Miscellaneous income	14,215	12,748
Gain on assets held-for-sale	-	32,000
Gain on sale of property, plant and equipment	-	21,653
Bad debts recovered	27,454	80,124
	<u>107,886</u>	<u>198,451</u>

29. Operating expenses

	Group 2020 \$'000	Co-operative 2020 \$'000	2019 \$'000
<b>Personnel expenses</b>			
Employee salaries and allowances	661,923	661,923	621,540
Employee benefits	118,579	118,579	111,954
Pension contribution	12	12	12
Education and training	4,760	4,760	20,709
Staff travel and related expenses	4,272	4,272	13,097
	<u>789,546</u>	<u>789,546</u>	<u>767,312</u>
<b>Administrative expenses</b>			
Merger expense	-	-	9,230
Data conversion fees	-	-	26,169
Utilities	51,782	51,782	57,529
Depreciation - property, plant and equipment	43,793	43,793	39,912
Depreciation - right-of-use assets	2,242	2,242	3,702
Audit fees	10,260	9,690	9,000
Professional fees	40,140	40,140	66,809
Repairs and maintenance (office)	44,276	44,276	21,353
Janitorial and security	81,656	81,656	77,972
Vehicle expenses	672	672	1,649
Telecommunications	47,692	47,692	46,162
Printing, stationery and supplies	27,307	27,307	15,957
Data processing	59,547	59,547	73,062
Insurance premiums	8,394	8,394	8,469
Amortisation of intangible assets	40,098	40,098	42,776
Subscriptions	34,085	34,085	32,446
Other administrative expenses	36,913	62,152	18,702
	<u>528,857</u>	<u>553,526</u>	<u>550,899</u>

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

Notes to the Financial Statements (Continued)  
December 31, 2020

29. Operating expenses (continued)

	Group 2020 \$'000	Co-operative 2020 \$'000	2019 \$'000
<b>Marketing and promotion:</b>			
Publicity and promotion	65,604	65,604	49,538
<b>Representation and affiliation</b>			
League and other dues	37,847	37,847	43,395
Seminars and meetings	1,890	1,890	23,841
Committees	27,947	27,947	29,714
Annual general meeting	5,725	5,725	9,823
	<u>73,409</u>	<u>73,409</u>	<u>106,773</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,457,416</u>	<u>1,482,085</u>	<u>1,474,522</u>

30. Comparison of ledger balances for the Co-operative

	Voluntary shares \$'000	Savings deposits \$'000	Loans \$'000
December 31, 2020			
General ledger	4,422,510	10,578,661	13,279,832
Personal ledger	4,422,510	10,578,661	13,279,832
Difference	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2019:			
General ledger	3,987,005	9,436,544	12,836,002
Personal ledger	3,987,005	9,436,544	12,836,002
Difference	<u>-</u>	<u>-</u>	<u>-</u>

31. Related parties, balances and transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity" in this case, the Co-operative).

- a) A person or a close member of that person's family is related to the Co-operative if that person:
- i) has control or joint control over the Co-operative;
  - ii) has significant influence over the Co-operative; or
  - iii) is a member of the key management personnel of the Co-operative or of a parent of the co-operative.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

31. Related parties, balances and transactions (continued)

- b) An entity is related to the Co-operative if any of the following conditions applies:
- The entity and the Co-operative are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the Co-operative or an entity related to the Co-operative.
  - The entity is controlled, or jointly controlled by a person identified in (a).
  - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the Co-operative or the parent of the Co-operative.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The Co-operative has a related party relationship with its subsidiary, directors, and other key management personnel.

- (c) The statement of financial position includes the following balances with related parties:

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
(i) Loan balances (including interest)		
Board and committee members	44,593	47,044
Other key management personnel	<u>124,213</u>	<u>126,860</u>
(ii) Deposits (including interest)		
Board and committee members	44,669	54,258
Other key management personnel	<u>7,412</u>	<u>16,069</u>

No waivers were granted in respect of these loans. At December 31, 2020, all loans owing by directors, committee members and staff were being repaid in accordance with their loan agreements.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

31. Related party balances and transactions (continued)

- (d) The Co-operative's statement of profit or loss and other comprehensive income includes the following transactions with related parties:

	2020 \$'000
Subsidiary:	
Expense:	
Loans written off	24,928
Administrative fees	117
Management fees	<u>497</u>

- (e) Compensation of key management personnel:

The remuneration of key members of management, reported in personnel expenses (note 29), during the year was as follow:

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
Salaries and other short-term benefits	<u>54,414</u>	<u>51,793</u>

32. Life savings and loan protection insurance

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

33. Fidelity insurance

Fidelity insurance coverage was adequately maintained during the year.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management

By its nature, the Group'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 Group 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 Group. Risk management policies are designed to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits by means of regularly generated reports. The Group's aim is therefore to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Group's financial performance.

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

Risk management policies and systems are reviewed regularly by the 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 Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group'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 Group 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 Group's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Group's credit review process. The Credit Committee reports to the Board on a monthly basis.

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



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group 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 Group 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 Group 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 Group 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management continued)

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

*Write-off policy*

The Group 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 Group 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. 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 Group'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 fair 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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management continued)

(a) Credit risk (continued):

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

Loans receivable at amortised cost:

	Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Credit grade</b>				
Grade A – Low risk	12,856,514	4,354	10,792	12,871,660
Grade B – Average risk	86,371	209,929	7,037	303,337
Grade C	-	-	2,008	2,008
Grade D – High risk	-	-	118,265	118,265
	12,942,885	214,283	138,102	13,295,270
Loss allowance [note 34(a)(iv)(d)]	( 104,384)	( 8,700)	(99,511)	( 212,595)
	<u>12,838,501</u>	<u>205,583</u>	<u>38,591</u>	<u>13,082,675</u>
	Co-operative			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Credit grade</b>				
Grade A – Low risk	12,841,076	4,354	10,792	12,856,222
Grade B – Average risk	86,371	209,929	7,037	303,337
Grade C	-	-	2,008	2,008
Grade D – High risk	-	-	118,265	118,265
	12,927,447	214,283	138,102	13,279,832
Loss allowance [note 34(a)(iv)(d)]	( 104,376)	( 8,700)	(99,511)	( 212,587)
	<u>12,823,071</u>	<u>205,583</u>	<u>38,591</u>	<u>13,067,245</u>

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management continued)

(a) Credit risk (continued):

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

Loans receivable at amortised cost:

	Co-operative			
	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 34(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>

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

	Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Neither past due or impaired	10,796,371	3,055	7,724	10,807,150
Past due but not impaired:	-	-	-	-
1 month	133,692	8,554	-	142,246
2 to 3 months	-	2,466	1,203	3,669
4 to 6 months	-	-	456	456
7 to 12 months	-	-	3,420	3,420
Individually impaired	2,016,082	205,849	116,398	2,338,329
	<u>12,946,145</u>	<u>219,924</u>	<u>129,201</u>	<u>13,295,270</u>



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 (Continued).

	Co-operative			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Neither past due or impaired	10,780,933	3,055	7,724	10,791,712
Past due but not impaired:	-	-	-	-
1 month	133,692	8,554	-	142,246
2 to 3 months	-	2,466	1,203	3,669
4 to 6 months	-	-	456	456
7 to 12 months	-	-	3,420	3,420
Individually Impaired	<u>2,016,082</u>	<u>205,849</u>	<u>116,398</u>	<u>2,338,329</u>
	<u>12,930,707</u>	<u>219,924</u>	<u>129,201</u>	<u>13,279,832</u>
	Co-operative			
	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	<u>-</u>	<u>-</u>	<u>2,794,673</u>	<u>2,794,673</u>
	<u>10,022,397</u>	<u>7,075</u>	<u>2,806,530</u>	<u>12,836,002</u>

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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:

	Group and Co-operative 2020	Co-operative 2019
	Stage 1 \$'000	\$'000
<b>Credit grade</b>		
BBB+ and below	48,455	5,959
Non-investment grade	<u>2,737,108</u>	<u>1,924,143</u>
	2,785,563	1,930,102
Loss allowance	<u>( 6,162)</u>	<u>( 16,311)</u>
	<u>2,779,401</u>	<u>1,913,791</u>
<b>Movement in allowance:</b>		
Balance of the beginning of the year	16,311	26,979
Recoveries for the year	<u>( 10,149)</u>	<u>( 10,668)</u>
	<u>6,162</u>	<u>16,311</u>

(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 Group 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 Group'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).



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group 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 Group 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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group 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 Group 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 Group 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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group 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;
- 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 Group in full, without recourse by the Group 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 Group.
- 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 Group 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 Group; 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 Group for regulatory capital purposes.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

(b) *Incorporation of forward-looking information*

The Group 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 Group 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 Group 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 Group 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, loan-to-value (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 Group 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.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group 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 Group considers a longer period. The maximum contractual period extends to the date at which the Group 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:

	Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Loan to members:				
Allowance at beginning of year	73,246	4,136	177,716	255,098
Movements with surplus impact:	-	-	-	-
Transfers:				
Transfer from stage 1 to stage 2	-	443	-	443
Transfer from stage 1 to stage 3	-	-	984	984
Transfer from stage 2 to stage 1	-	7,078	-	7,078
Transfer from stage 2 to stage 3	-	-	280	280
Transfer from stage 3 to stage 2	-	12,776	-	12,776
New financial assets originated or purchased	38,266	1,091	8,686	48,045
Financial assets derecognised during the period	( 7,128)	(16,824)	(88,155)	(112,107)
Allowance at end of year	104,384	8,700	99,511	212,595

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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):

	Cooperative			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Loan to members:				
Allowance at beginning of year	73,246	4,136	177,716	255,098
Movements with surplus impact:	-	-	-	-
Transfers:				
Transfer from stage 1 to stage 2	-	443	-	443
Transfer from stage 1 to stage 3	-	-	984	984
Transfer from stage 2 to stage 1	-	7,078	-	7,078
Transfer from stage 2 to stage 3	-	-	280	280
Transfer from stage 3 to stage 2	-	12,776	-	12,776
New financial assets originated or purchased	38,258	1,091	8,686	48,035
Financial assets derecognised during the period	( 7,128)	(16,824)	(88,155)	(112,107)
Allowance at end of year	104,376	8,700	99,511	212,587

	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 surplus 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



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

(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 Group is exposed to daily calls on its available cash resources from loan draw-downs, withdrawal of saving deposits, and maturing deferred shares. 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 Group manages its liquidity levels on a daily basis by the monitoring of future cash flows and maintenance of adequate amount of committed facilities.

The key measures used by the Group 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 Group is subject to a liquidity limit imposed by JCCUL and compliance is regularly monitored. This limit requires that the Group maintain liquid assets amounting to at least 10% of withdrawable saving deposits. The liquid asset ratio as at December 31, 2020 was approximately 20.74% (2019: 12.50%) 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 Group'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 Group 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 Group.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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.

investment securities and loans to members.

	Contractual cashflows					Total contractual cash flows \$'000	Total carrying amount \$'000
	Within 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	No specific maturity \$'000		
As at December 31, 2020							
Lease liabilities	-	3,428	13,265	11,954	-	28,647	13,978
Voluntary shares	4,422,510	-	-	-	-	4,422,510	4,422,510
Deferred shares	7,560	22,680	945,360	-	-	975,600	900,000
Saving deposits	1,572,828	1,659,693	1,886,964	5,811,494	-	10,930,979	10,578,661
Due to other institutions	-	-	-	-	43,388	43,388	42,447
External credits	200,917	-	-	-	175,141	376,058	368,780
Other liabilities	420,323	-	-	-	263,567	683,890	683,890
Total financial liabilities	6,624,138	1,685,801	2,845,589	5,823,448	482,096	17,461,075	17,010,266



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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.

	Co-operative Contractual cashflows						Total contractual cash flows \$'000	Total carrying amount \$'000
	Within 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	No specific maturity \$'000			
<b>As at December 31, 2020</b>								
Lease Liabilities	-	3,428	13,265	11,954	-		28,647	13,978
Voluntary shares	4,422,510	-	-	-	-		4,422,510	4,422,510
Deferred shares	7,560	22,680	945,360	-	-		975,600	900,000
Saving deposits	1,572,828	1,659,693	1,886,964	5,811,494	-		10,930,979	10,578,661
Due to other institutions	-	-	-	-	43,388		43,388	42,447
External credits	200,917	-	-	-	175,141		376,058	368,780
Other liabilities	416,263	-	-	-	263,570		679,833	679,833
Total financial liabilities	6,620,078	1,685,801	2,845,589	5,823,448	482,099		17,457,015	17,006,209
<b>As at December 31, 2019</b>								
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	-	43,461		215,781	42,517
External credits	394,211	-	-	-	172,320		566,531	563,963
Other liabilities	307,550	-	-	-	330,337		637,887	647,514
Total financial liabilities	6,723,353	1,910,326	2,701,445	4,924,585	546,118		16,805,827	15,595,742

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group'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 Group'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 fair value or cash flows of a financial instrument will vary because of exchange rate fluctuations. The Group 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. The Group 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 Group's exposure to foreign currency risk at the reporting date was as follows:

	Group and Co-operative 2020 \$'000	Co-operative 2019 \$'000
United States dollar (USD) - Liquid assets	190	366
- Financial investments	1,291	1,030
Canadian dollar (CDN) - Liquid assets	3	3
Pounds sterling (GBP) - Liquid assets	<u>2</u>	<u>-</u>

Sensitivity analysis

Bank of Jamaica's exchange rates in terms of the Jamaica dollar which is the Group's principal intervening currency were as follows:

	USD	CDN	GBP
December 31, 2020	140.77	106.12	186.97
December 31, 2019	<u>132.42</u>	<u>98.42</u>	<u>167.04</u>



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 surplus and equity by amounts shown below.

Currency	Group and Co-operative 2020		Co-operative 2019	
	Strengthening/ (Weakening) %	Effect on surplus and equity \$'000	Strengthening/ (Weakening) %	Effect on surplus and equity \$'000
USD	2 (6)	( 4,170) 12,508	4 (6)	( 7,394) 11,091
CDN	2 (6)	( 6) 19	4 (6)	(11) 17
GBP	2 (6)	- -	4 (6)	- -

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2019.

(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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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.

	Group 2020					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	44,966	13,226,209	-	-	-	-	13,271,175
Liquid assets	2,020,924	806,924	62,670	-	-	-	2,890,518
Financial Investments	436,534	150,000	425,766	82,749	740,824		1,835,873
Non-earning liquid assets	-	-	-	-	224,996		224,996
Other assets	-	-	-	-	177,916		177,916
Total financial assets	2,502,424	14,183,133	488,436	82,749	1,143,736		18,400,478
<b>Liabilities</b>							
Lease liabilities	-	-	13,978	-	-	-	13,978
Voluntary shares	4,422,510	-	-	-	-	-	4,422,510
Deferred shares	-	900,000	-	-	-	-	900,000
Saving deposits	1,564,187	9,014,474	-	-	-	-	10,578,661
Due to other institutions	-	-	42,447	-	-	-	42,447
External credits	-	-	368,780	-	-	-	368,780
Other liabilities	-	-	-	-	683,893		683,893
Total financial liabilities	5,986,697	9,914,474	425,205	-	683,893		17,010,269
Total interest rate sensitivity gap	(3,484,273)	4,268,659	63,231	82,749	459,843		1,390,209
Cumulative interest rate sensitivity gap	(3,484,273)	784,386	847,617	930,366	1,390,209		-



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

	Co-operative 2020					
	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	44,966	13,182,434	-	-	-	13,227,400
Liquid assets	2,020,924	806,924	62,670	-	-	2,890,518
Financial investments	436,534	150,000	425,766	82,749	740,824	1,835,873
Non-earning liquid assets	-	-	-	-	210,436	210,436
Other assets	-	-	-	-	177,916	177,916
Total financial assets	2,502,424	14,139,358	488,436	82,749	1,129,176	18,342,143
<b>Liabilities</b>						
Lease liabilities	-	-	13,978	-	-	13,978
Voluntary shares	4,422,510	-	-	-	-	4,422,510
Deferred shares	-	900,000	-	-	-	900,000
Saving deposits	1,564,187	9,014,474	-	-	-	10,578,661
Due to other institutions	-	-	42,447	-	-	42,447
External credits	-	-	368,780	-	-	368,780
Other liabilities	-	-	-	-	679,833	679,833
Total financial liabilities	5,986,697	9,914,474	425,205	-	679,833	17,006,209
Total interest rate sensitivity gap	(3,484,273)	4,224,884	63,231	82,749	449,343	1,335,934
Cumulative interest rate sensitivity gap	(3,484,273)	740,611	803,842	886,591	1,335,934	-

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

	Co-operative 2019					Total carrying amount
	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	
<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 credits	-	-	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	-



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

The sensitivity of the 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 2019.

	Effect on surplus		
	Group	Co-operative	
	2020	2020	2019
	\$'000		\$'000
Change in basis points:			
100 bp decrease (2019: 100 bp decrease)	(9,020)	(10,777)	(11,870)
100 bp increase (2019: 100 bp increase)	<u>9,020</u>	<u>10,777</u>	<u>11,870</u>

(iii) Equity price risk

Equity price risk arises from FVOCI equity securities held by the Group 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 Group's investment strategy is to maximise return on investment while minimising risks.

The Group's equity portfolio is listed on the Jamaica Stock Exchange. A 7% (2019: 10%) increase in quoted bid prices at the reporting date would result in an increase in equity of \$10,444,000 (2019: \$12,526,000). A 12.5% (2019: 10%) increase in quoted bid prices at the reporting date would result in a decrease in equity of \$18,650,000 (2019: \$12,526,000).

(d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group'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.

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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 Group 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:

The Co-operative is subject to capital requirements. 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 an 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-operative to maintain a minimum level of institutional capital at 8% of total assets. At the reporting date, this ratio was 13.65% (2019: 16.51%) which is in compliance with the requirements.



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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

(e) Capital management (continued):

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

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

Regulatory capital includes deferred shares as discussed in note 16.

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:

	2020		2019	
	Actual \$'000	Required \$'000	Actual \$'000	Required \$'000
Total regulatory capital (including deferred shares)	2,669,798	1,565,139	2,932,619	1,420,619
Total capital ratio	13.65 %	8%	16.51%	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 Group Credit Union Limited (WCCUL), ICD Group Credit Union Limited (ICDCCUL), National Water Commission Credit Union Limited (NWCCUL), Desnoes and Geddes Employees Group Credit Union Limited (D&GECCUUL) and St. Elizabeth Group Credit Union Limited (STECCUL) all merged with Community & Workers of Jamaica Group Credit Union Limited. As at the date of each merger, the institutional capital of the acquired entities included the following reserves:

	D&GECCUUL Co-operative	STECCUL Co-operative	WCCUL Co-operative	ICDCCUL Co-operative	NWCCUL Co-operative
	\$'000	\$'000	\$'000	\$'000	\$'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 Group Credit Union Limited	September 1, 2013
ICD Group Credit Union Limited	June 1, 2015
National Water Commission Credit Union Limited	October 1, 2016
Desnoes and Geddes Employees Group Credit Union Limited	May 1, 2018
St. Elizabeth Group Credit Union Limited	September 1, 2018

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

(f) Fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date and is best evidenced by a quoted market price, if one exists. Some of the Group'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, except units in money market funds, 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 interest rates and terms comparable to market interest rates and terms for similar balances.

The fair value of shares held in Jamaica Cooperative Credit Union League and other related entities are determined using the net asset valuation method. There is no available market for these instruments. The Group has no intention to dispose of these investments.

Financial instruments that are measured at fair value at the reporting date are grouped into Levels 1, 2 and 3 of the 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)

Notes to the Financial Statements (Continued)  
December 31, 2020

34. Financial risk management (continued)

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

(i) Accounting classifications and fair values

The following table shows the carrying amount of financial assets measured at fair value, 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.

Group and Co-operative 2020								
Carrying amount				Fair value				
Amortised cost	FVOCI	FVTPL	Total	Level 1	Level 2	Level 3	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets measured at fair value:</b>								
Financial investments	-	267,913	509,454	777,367	149,207	509,454	118,706	777,367
Earning liquid assets	-	-	1,398,991	1,398,991	-	1,398,991	-	1,398,991
	-	267,913	1,908,445	2,176,358	149,207	1,908,445	118,706	2,176,358

Co-operative 2019								
Carrying amount				Fair value				
Amortised cost	FVOCI	FVTPL	Total	Level 1	Level 2	Level 3	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets measured at fair value:</b>								
Financial investments	-	257,338	484,206	741,544	125,263	484,206	132,075	741,544
Earning liquid assets	-	-	1,085,201	1,085,201	-	1,085,201	-	1,085,201
	-	257,338	1,526,407	1,826,745	125,263	1,569,407	132,075	1,826,745

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

Notes to the Financial Statements (Continued)  
December 31, 2020

34. 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.

Financial assets	Method
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 and money market funds	<ul style="list-style-type: none"> <li>Net asset valuation method</li> </ul>

35. Capital commitment

As at December 31, 2020, the Group entered into contracts for capital expenditure in the amounts of \$86,540,000 in respect of which deposits amounting to \$43,350,000 have been made.



36. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's activities are limited to receiving savings from, and providing loans to, its members in Jamaica, operating in a single segment, therefore no additional segment information is provided.

37. Impact of Covid-19

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 activities and business operations. The Group saw reduced levels of business activities during the year, most notably regarding the volume of new loans, which resulted in a reduction in the portfolio. Delinquency was not significantly impacted during the year. However, recognising the economic impact on members, the Co-operative granted moratoria of principal balances. In addition, the performance of the investment portfolio was negatively affected by the fallout in the financial markets. This resulted in the unit trust investments, which are primarily equity-based, experiencing losses. However, the Co-operative's liquidity position was not negatively affected during the year.

The Co-operative enacted the Disaster Risk Management policy which provided guidance in mitigating the impact of the pandemic. Initiatives taken included: the establishment of a crisis management committee to plan for and respond to the challenges arising, the implementation of safety and sanitisation protocols with respect to the protection of staff and members, preparation for a work from home mandate, enhancement of the technical capacity of the virtual network and the expansion of member online and email services.

There could be further significant negative financial effects on the Group, depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from the Government until the virus is controlled through vaccination, (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 at this time.

**BANKING HAS NEVER BEEN  
EASIER!**

SAVE TIME  
USE C&WJCCUL  
ONLINE SERVICES





# Report of the Credit Committee



**Chairperson:** Norma Warburton-Thomas  
Clifton Atkinson (Secretary), Trevor Cameron (Member)  
Judith Cawley (Member), Charles Hanson (Member)

The year ended December 31, 2020 was a challenging but successful year for the Credit Union. The COVID-19 pandemic has had less than favourable impact on Financial Institutions both locally and internationally, in particular the area of Loan Underwriting and Delinquency Management. Despite the pandemic and its challenges, the Credit Union through innovation and resilience sought out and made the best of every opportunity to ensure that the year 2020 was a successful one. This is a testament to the extraordinary effort of the Board of Directors, Management, Staff and Committees which served during the period.

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

Ms. Natalie Stanford	-	Chairperson
Mrs. Norma Warburton	-	Secretary/ Chairperson
Mr. Clifton Atkinson	-	Member / Secretary
Mr. Trevor Cameron	-	Member
Mr. Charles Hanson	-	Member

At our AGM held on September 26, 2020 Mrs. Norma Warburton, Mrs. Judith Cawley and Mr. Trevor Cameron were elected to serve for two years. Mr. Clifton Atkinson and Mr. Charles Hanson would each serve another year. Ms. Natalie Stanford was 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 Mrs. Norma Warburton-Thomas and Mr. Clifton Atkinson would serve as Chairperson and Secretary respectively. Due to the pandemic, the Committee will continue to meet virtually fortnightly on a Thursday at 5:30 pm.

## Loans approved by the Credit Union.

During the year the Credit Union approved and disbursed 15,680 loans and advances, a reduction of 5,304 or 25.28% over the previous year. The total value of loans disbursed during the period was \$5.090 billion coming from \$6.090 billion in 2019, a reduction of \$1 billion or 16.42%. The most popular category of loans approved was the Unsecured Loans with 8,621 loans disbursed for the period with a value of \$2.116 billion. The Cash Secured loans were next with 5,920 loans approved valued at \$835.241 million. The Unsecured Loans accounted for the largest disbursed value followed by the Motor Vehicle Loans, with disbursements of \$2.116 billion and \$1.734 billion respectively. There were 55 Real Estate Secured Loans disbursed with a value of \$196.344 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 224 randomly selected loans with a value of approximately \$504 million for the year ended December 31, 2020. 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 exceeds the authority of the Loans Committee and loans referred by the Loans Committee for special attention. For the year ended December 31, 2020, the Credit Committee approved loans totaling \$366,000,000 that were referred by the Loans committee.

## Attendance Analysis for 2017

The Credit Committee held 22 meetings for 2020 and the attendance of the members are shown below.

Members	Possible	Actual	Absent
Clifton Atkinson	22	21	1
Charles Hanson	22	22	-
Judith Cawley	6	5	1
Natalie Stanford	16	16	-
Norma Warburton-Thomas	22	22	-
Trevor Cameron	22	21	1

## Loan Portfolio

At year-end the Credit Union's loan portfolio after impairment, consisted of 18,862 loan contracts. The total loan balance outstanding moved from \$12.65 billion in 2019 to \$13.24 billion at the end of 2020 representing an increase of 4.66%.

The Unsecured Loans accounted for 9,642 of the 18,862 loans in the portfolio (51.12%), with a value of \$3.851 billion representing 29.08% of the portfolio balance as at December 31, 2020. Another popular category for the year 2020 was the Cash Secured Loans, at year end; the portfolio consisted of 4,567 of these loans with a value of \$1.411 billion representing 10.65% of the portfolio balance.

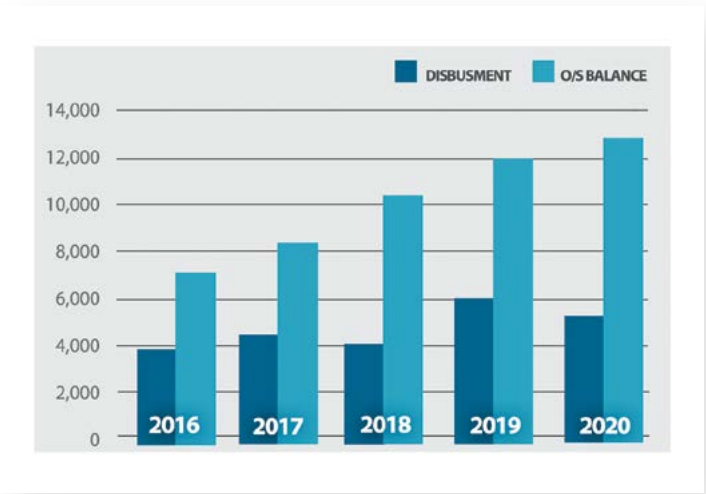
The Motor Vehicle loans accounted for the largest share of the portfolio value accounting for 47.78% with balance outstanding of \$6.328 billion.



The Real Estate Loan Portfolio moved from \$1.463 billion in 2019 to \$1.559 billion at December 31, 2020, an increase of 6.56%.

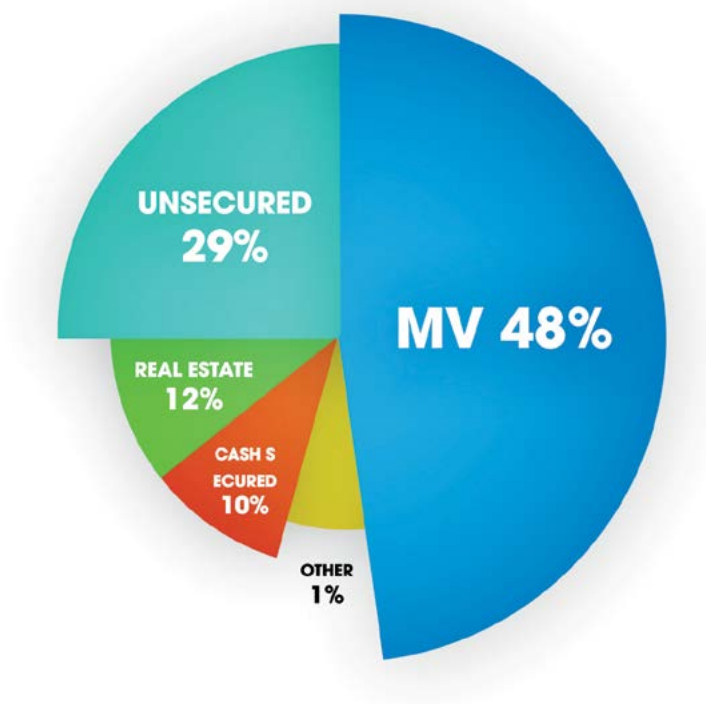
The chart below shows the value of loans disbursed and the outstanding balance of the Credit Union's loan portfolio over the last 5 years.

Loan Disbursement & Outstanding Balance

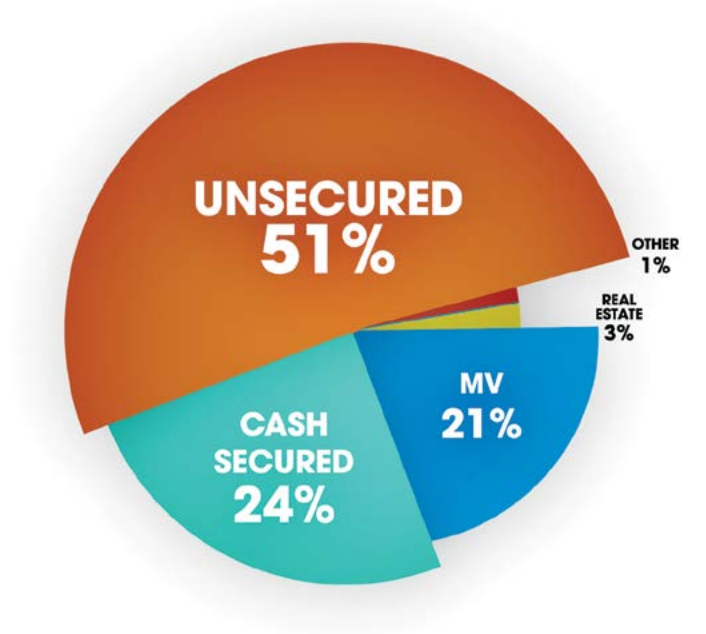


The charts below show the composition of the loan portfolio by the main loan types to their balances and number of loans outstanding at the year end.

Loan Balance O/S Classified by Main Types -VALUES



Loan Classified by Main Types - NUMBERS



Additional Information

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

1. Training under the Proceeds of Crime Act (POCA) and Counter Terrorism.
2. The Chairperson of the Committee, Mrs. Norma Warburton-Thozas attended the retreat of the Board of Directors in October 2020

Conclusion

The Credit Committee wishes to express appreciation to: -

- a) The membership for the confidence displayed in electing us to serve.
- b) The Board of Directors for their recommendations and support when needed.
- c) The C.E.O and his staff for the co-operation and assistance given to us.
- d) A special thanks to the Credit Department for their invaluable assistance at our weekly meetings.
- e) 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.

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  
Chairperson



# Report of the Supervisory Committee



**Chairperson:** Dr. Richard Meggo  
Shorna Anderson (Member), Paul Bernard (Member), Michael Sutherland (Secretary), Rohan Saunders (Member), Kevron Caine (Member), George Morris (Member)

## Chairperson's Remarks

On behalf of the 2020/2021 Supervisory Committee, it is indeed a pleasure to welcome you, fellow cooperators, to the staging of the 57th Annual General Meeting of the C&WCCUL. We would also like to thank you for entrusting us with the responsibility of interrogating the operations of your beloved Credit Union to ensure that the internal operating controls that have been established are functioning effectively and maintained. When these policies and procedures are functioning effectively and maintained they provide reasonable assurance to the Board of Directors and Management that the policies, and procedures are being properly administered. Of course, none of what we have been entrusted to do, would have been possible without the yeoman's work that was done by the Chief Internal Auditor and her able team. Throughout the year, the Board of Directors, Management and Staff of the Credit Union continued to offer their invaluable and unwavering support, and for that, we are extremely grateful.

The committee members, who were duly elected at the 56th Annual General Meeting held on the 26th day of September 2020, served in the following capacities:

### Committee Members

Richard Meggo	Chairman
Michael Sutherland	Secretary
Kevron Caine	Member
George Morris	Member
Paul Bernard	Member
Rohan Saunders	Member
Shorna Anderson	Member

### Members retired were as follows:

Darren Brown	Member
Dionne Mason-Gordon	Member
Daniel Scott	Member

## Areas Reviewed

Throughout the year, the Supervisory Committee continued to provide independent oversight over the operations and risks associated with the operations of Credit despite the prolonged onslaught of the COVID-19 pandemic. The vehicle through which this was done was the risk based audit plan that had been ratified by The Board of Directors and we are pleased to report that despite the challenges posed by the pandemic, ninety five percent (95%) of the work plan was completed by year end and the remaining 5% completed in January 2021.

As customary, the audit reviews carried out by the able internal audit team 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.

Pivoting to an online platform, the Committee continued to meet monthly to analyse, discuss and make recommendations based on the observations and findings of the audit reviews and provided the Board of Directors with a monthly report of the findings and deliberations of the Committee. 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 (2)
- Regulatory Compliance (2)
- Bank Reconciliation
- Payroll
- Financial Statement

### Customer Service & Operations

- Loans
- Loan Delinquency Write Offs
- Arrears Management/Loan Delinquency
- Cambio Operations (2)
- Anti-Money Laundering & POCA Compliance
- Connected Parties
- Fit and Proper
- Standing Order
- Internet Banking
- Branch Reviews (10)
- Cash Count
- Special Audits
- Security (Done at Branch Level)

Special reviews over the operations were also conducted at the request of Management

In summing up the review of audit reports over the year, the Supervisory Committee would like to report the following findings;

- There was general adherence to established policies, procedures and compliance with the requirements of the laws and regulations that govern the Credit Union's operations.
- Generally, controls evaluated were adequate, appropriate, and effective to provide reasonable assurance that risks are being managed properly.
- The overall system of internal controls remains intact as most expected controls were in place and were operating effectively. The audits uncovered no significant weaknesses.



- The minor weaknesses identified and the recommendations made were addressed by the management team.

#### Meeting Attendance Record

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

Committee Members	Possible Meetings	Meetings Attended	Absent / Excused
Richard Meggo	11	10	1
Kevron Caine	11	10	1
George Morris	11	10	1
Paul Bernard	11	6	5
Michael Sutherland	3	3	0
Rohan Saunders	3	2	1
Shorna Anderson	3	3	0
Darren Brown	8	8	0
Dionne Mason-Gordon	8	8	0
Daniel Scott	8	7	1

#### Conclusion

Despite the challenges posed by the COVID-19 pandemic, the Credit Union displayed much resilience as evidenced by the pivoting to meet the unprecedented and unpredictable situation which prevailed. The Credit Union remains strong and the mettle of the policies and procedures that govern the operations of the Credit Union was proven. The entire team would once again like to thank you, our members for bestowing the honour of serving the movement on us. It was truly a fulfilling experience and as Chairman of the Committee, I would like to express extreme gratitude to the team members, who selflessly gave of themselves in the service of the movement, despite some of us having to battle on many fronts because of the pandemic.

I would also like to unreservedly express appreciation to the Board of Directors and Management team for implementing the recommendations whenever any deficiency was identified. And last, but not least, I would like to thank the Audit Team for the body of high-quality work which they produced over the years and continue to do. Truly, “teamwork makes the dream work”.

Signed,



Richard Meggo  
Chairman

## Report of the League Delegates



Mr. Condell Stephenson, President and Mr. Carlton Barclay, Chief Executive Officer, were elected as delegates to the Jamaica Co-operative Credit Union League at the 56th Annual General Meeting of the Society.

#### Report on the League’s 79th AGM

The Jamaica Co-operative Credit Union League’s 79th Annual General Meeting was held on Saturday, October 3, 2020, at the Knutsford Court Hotel under the theme ‘Together We Do More’. The meeting was convened using a hybrid method (virtually using Zoom with limited in person attendees) in accordance with the Government’s COVID-19 public restrictions at the time. There were approximately 53 delegates who attended the meeting in person and approximately 150 delegates through the Zoom platform.

President Mr. Winston Fletcher chaired the meeting. All aspects of Jamaica Co-operative Credit Union League’s operations were presented and examined. The Treasurer’s Report, including the audited Financial Statements were also presented.

Mr. Fletcher retired as president at the meeting and a new president, Mr. Lambert Johnson, was elected to the JCCUL Board of Directors.

#### Distribution of Surplus

The Delegates agreed to the distribution of the surplus of \$9.09 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:

- Alexander Bourne – Manchester Co-operative Credit Union
- Hector Stephenson – EduCom Co-operative Credit Union, At Large
- Bornette Donaldson – C&WJ Co-operative Credit Union, Mega

- Jerry Hamilton – Grace Co-operative Credit Union, Medium-Sized
- Brenda Cuthbert – NCB Employees’ Co-operative Credit Union, Medium-Sized
- Carol Anglin - COK Sodality Co-operative Credit Union, Mega

The following persons were elected to the Supervisory Committee:

- Mr. Michael Sutherland - C&WJ Co-operative Credit Union
- Ms. Ivy Lawrence - Lascelles & Partners Co-operative Credit Union
- Mr. Delroy James - First Heritage Co-operative Credit Union
- Ms. Nicola Reid Palisadoes Co-operative Credit Union
- Ms. Paulette Green - Jamaica Police Co-operative Credit Union

#### RESOLUTIONS

The following congratulatory resolutions were passed at the meeting:

- Patricia Smith – Retirement, First Regional Co-operative Credit Union
- Edward Christopher Bond – National Honouree, Grace Co-operative Credit Union
- Grace Co-operative Credit Union - 50th anniversary
- Jamaica Police Co-operative Credit Union – 65th anniversary
- Renford Douglas – National Honouree, Service to JCCUL



**RULE CHANGES** There were no rule changes.

**The 2020-2021 JCCUL Board:**

- Lambert Johnson - President
- Andrea Wilson-Messam - 1st VP
- O'Neil Grant - 2nd VP
- Norris Gilbert - Treasurer
- Patrick Smith - Assist. Treasurer
- Jerry Hamilton - Secretary
- Brenda Cuthbert - Assist. Secretary
- Winston Fletcher - Immediate Past President
- Carol Anglin
- Michael Anglin
- Martin Blackwood
- Alexander Bourne
- Bornette Donaldson
- Ryan Muir
- Hector Stephenson

**CREDIT UNION OF THE YEAR AWARDS**

Several awardees were named at the event however, the awards were presented to the awardees at a later date.

The Credit Unions of the Year were:

Mega - Assets > \$2 Billion	
Winner	EduCom Co-op.
Runner Up	First Regional Co-op.
Large - Assets > \$1 Billion - \$2 Billion	
Winner	JDF Co-op.
Runner Up	Portland Co-op.
Medium - Assets > \$300 Million - \$1 Billion	
Winner	NCB Employees Co-op.
Runner Up	BJ Staff Co-op.
Small - Assets <\$300 Million	
Winner	PWD Co-op.

C&WJ Co-operative Credit Union won the prize for CPD Online Top User - Nathanha Reid

**Financial Status of the Movement as at December 31, 2020**

At December 2020, 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 10.40% to close the year at \$136.87B, savings growing by 9.87% to \$105.82B, and loans growing by 3.84% to \$94.49B. Profitability recorded a decline with the ratio of net surplus to average assets decreasing from 1.77% in 2019 to 1.54% in 2020.

**JCCUL COVID-19 Response to Credit Unions**

The League supported credit unions during the year by implementing the following to help to cushion the impact of COVID-19 on the institutions:

- Reduction in the Liquid Asset Ratio requirement;
- Provision of support loans from the Stabilization Fund to credit unions;
- Reduction in Stabilization dues for 2020

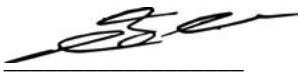
The League also offered financial support to credit unions for assistance with the purchase of software for "Transaction Monitoring and Simplified Due Diligence".

The delegates are pleased to have been afforded the privilege of representing the credit union at the level of the League.

Signed:



Condell Stephenson  
Delegate to the League



Carlton Barclay  
Delegate to the League



# Report of the Nominating Committee

The Nominating Committee was appointed by the Board of Directors at its meeting February 27, 2021 in keeping with Rule 71(a) and comprised of the persons named below:

- Ms. Paulette Howell - Chairperson
- Mrs. Terrie-Ann Bennett
- 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:

- In keeping with the objective of achieving and maintaining Board diversity, the Nominating Committee selected candidates who would add the required qualities and skillsets to make for a stronger, more diversified Board of Directors.
- 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 (3) consecutive terms; however, such member will be eligible to serve once he/she sits out a period of one year or one Annual General Meeting 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 2021 Annual General Meeting**
  - \*Mr. Condell Stephenson
  - \*Ms. Paulette Howell
  - \*Mrs. Pauline Thompson
  - \*Mr. Michael Dunn

- Mrs. Ashlyn Malcolm
- Mr. Bornette Donaldson

\* 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 in 2022**

- Mr. Christopher Buckmaster
- Mr. Winston Green
- Mr. Austin Brown
- Mr. Shauneil James
- Mr. Delroy Foster

**Nominations**

In keeping with the foregoing, the Committee nominates the following members to be elected to fill the six (6) vacancies on the Board of Directors to serve for the term adjacent to their names:

Mrs. Ashlyn Malcolm	-	2 years
Mr. Bornette Donaldson	-	2 years
Mr. Pete Smith	-	2 years
Mrs. Suzette Downie	-	2 years
Ms. Georjean Edwards	-	2 years
Mr. Raymond Hernandez	-	2 years

**2. Credit Committee**

The current status of the Committee members is as follows:

**Members retiring at this Annual General Meeting 2021:**

- Mr. Clifton Atkinson
- Mr. Charles Hanson

**Members retiring at the Annual General Meeting 2022:**

- Mrs. Norma Warburton-Thomas
- Mr. Trevor Cameron
- Ms. Judith Cawley

**Nominations**

The Committee recommends that the following members be elected to fill the two (2) vacancies on the Credit Committee for the term adjacent to their names:



Mr. Charles Hanson	-	2 years
Mr. Clifton Atkinson	-	2 years

### 3. Supervisory Committee

The members of the Supervisory Committee, all of whom will retire at this meeting are:

- \*Dr. Richard Meggo
- \*Mr. Kevron Caine
- \*Mr. Paul Bernard
- \*Mr. George Morris
- Mr. Rohan Saunders
- Miss Shorna Anderson
- Mr. Michael Sutherland

\* 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 seven (7) vacancies on the Supervisory Committee for a term of one year:

- Mr. Rohan Saunders
- Ms. Shorna Anderson
- Mr. Michael Sutherland
- Mr. Darren Brown
- Mr. Daniel Scott
- Mr. Patrick Simpson
- Mrs. Dionne Mason-Gordon

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

The retiring members are:

Mr. Condell Stephenson  
Mr. Carlton Barclay

#### Nominations

The Committee nominates the following members for the term of one year:

President-Elect  
Mr. Carlton Barclay

### 5. Delegates to The Jamaica Cooperatives Insurance Agency (formerly NUC-CIS)

The retiring members are:

Mr. Carlton Barclay  
Mrs. Ashlyn Malcolm

#### Nominations

The Committee nominates the following members for the term of one year:

The Treasurer-Elect  
Mr. Carlton Barclay

### 6. Delegates to QNET

The retiring delegates are:

Mr. Condell Stephenson  
Mr. Carlton Barclay

#### Nominations

The Committee nominates the following members for the term of one year:

Mr. Carlton Barclay  
The President-Elect

### PROFILES OF CANDIDATES

#### BOARD OF DIRECTORS

#### BORNETTE DONALDSON

Mr. Donaldson is currently a Senior Manager at the Jamaica Public Service Company Limited, and holds the position of Head of Department - Financial Planning & Analysis, Treasury and Investor Relations. In the past, he has held several positions including; Manager of the Cable & Wireless Jamaica Pension Plan, Commercial and Finance Manager at Red Stripe Jamaica Limited, as well as Business Strategy and Project Manager at JMMB.

He is a member of the Board of Directors of the C&WJ Co-operative Credit Union Limited since 2019, he currently serves as 2nd VP, and previously as Assistant Treasurer. He also serves as a Director of the Board at the Jamaica Co-operative Credit Union League.

He holds an MSc in Economics, an MBA specializing in Finance, and a BSc in Economics from the University of the West Indies. Mr. Donaldson also holds the Project Management Professional designation from the Project Management Institute (PMI).

#### GEORJEAN EDWARDS

Miss Edwards is currently an Attorney-at-Law and Partner at the law firm of Deacon and Associates. She practises in various areas of law including Conveyancing, Commercial, Employment, Family, Tax, Estate, Intellectual Property and Civil Litigation. She currently serves as the head of the Estates and Family Legal Departments in her organization. She is a graduate of the Norman Manley Law School and the University of the West Indies where she obtained her Certificate of Legal Education and her Bachelor of Laws Degree (with honours), respectively. Ms Edwards has served in various leadership positions including Director of CANCERVE Foundation Limited; and being a past Head Girl of Westwood High School. Ms. Edwards is a diligent worker and has received numerous awards for her outstanding performance.

#### RAYMOND ERNANDEZ

Mr. Ernandez is the Chief Financial Officer of Medical Disposables and Supplies Ltd. In this role, he manages the accounting operations of the Company as well as provides strategic oversight

for the Admin and HR Department, the Pharmaceutical Division, Operations Management, and Information Technology. He has previously served as Group Financial Controller of the Shipping Association of Jamaica and related companies; Finance Director, First Union Financial Ltd; Operations Manager, First Global Bank. He is a Fellow of the Institute of Chartered Accountants of Jamaica. Mr. Ernandez holds an MSc in Accounting and a BSc in Accounting and Management Studies from the University of the West Indies. He also serves as a Justice of the Peace for Kingston.

#### SUZETTE DOWNIE

Ms. Downie has over 25 years of experience in financial accounting and management accounting. She is currently employed to CW Communications Limited (FLOW), where she heads the Capital Expenditure Department, managing the capital investment portfolio for the CWC group of companies in the Caribbean and the USA.

Ms. Downie is the former General Manager of the Jamaica Defence Force Co-operative Credit Union. She also has commercial banking experience, having worked with NCB for two years.

Ms. Downie holds a Masters in International Business from FIU, and a BSc in Business Administration (Honours) from University of Technology, Jamaica..

#### ASHLYN MALCOLM

Mrs. Malcolm has over 25 years of experience in the field of Internal and External Auditing and Accounting. She worked with the Petroleum Corporation of Jamaica as the Group Internal Auditor for over 15 years, Facey Commodity Limited, ICD/ Mechala Group Jamaica Limited and PriceWaterhouseCoopers. She is now on assignment at the Ministry of Science Energy and Technology. Mrs. Malcolm holds a Bachelor of Arts Degree from the University of the West Indies and professional certifications in Accounting and Compliance and Ethics. She is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Member of the Institute of Internal Auditors (IIA) and the Society of Corporate Compliance and Ethics (SCCE). She is currently a Director of the C&WJCCUL's and served on the Supervisory Committee in 2015. She was a Director of the former ICD&ACCU.

#### PETE SMITH

Mr. Smith served as the President of C&WJCCUL for four years and has served as a director with the Credit Union for over ten years. He is currently a Director of Quality Networks (QNET) and also a former Director on the Board of the Jamaica Co-operative Credit Union League. He works with Cable & Wireless Communications (FLOW) as a Regional Regulatory Finance Manager but has worked in various roles during his 28 years with the organization.

In 2018, he completed the CUES Governance Leadership Institute program at the University of Toronto, Rotman School of Management Executive Programs. Mr. Smith holds a BA in Social Sciences and History from the University of the West Indies; Diploma in Finance and Accounts from the Cable & Wireless College in London; Diploma in Marketing from the Institute of

Management & Production. He is the second vice President of the Calabar Old Boys Association.

### CREDIT COMMITTEE

#### CLIFTON ATKINSON

Mr. Clifton Atkinson is employed to Pepsi Cola Jamaica for nineteen years in the capacity of Mechanical Technician. He was also employed to Desnoes and Geddes Ltd. for 18 years where worked in the capacity of Maintenance Supervisor. Mr. Atkinson studied at the Vocational Training Development Institute, and the Portmore Community College. He has served in the capacity of Chairman of the Credit Committee of the Desnoes & Geddes Employees Co-operative Credit Union for a period of two years. Since the merger of C&WJCCUL and D&GECCUL, Mr. Atkinson has served on the C&WJCCUL Credit Committee for one year.

#### CHARLES HANSON

Mr. Charles Hanson is currently employed to Guardsman Limited in the capacity of Operations Manager since 1985. He holds a Bachelor of Science Degree in Business Administration from Northern Caribbean University; and other management and technical certifications. Mr. Hanson has also received training in the Jamaica Labour Laws, Proceeds of Crime Act Policy & Procedures; Strategic Security Planning; Security in the Bank Environment; International Ship and Port Facility Security Code (ISPS) and Advanced Security and Creative Problem Solving. Mr. Hanson serves on the School Board at Ebenezer Primary School and is also a member of the Lay Magistrate's Association of Jamaica serving as a Justice of the Peace (J.P.) since 2017.

### SUPERVISORY 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 specializing 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 C&WJCCUL's Supervisory Committee.

#### DARREN BROWN

Mr. Brown is an MBA and Finance Professional who has worked with Jamalco – General Alumina Jamaica as Financial Accounting Superintendent. He holds a Master's in Business Administration Finance Concentration and a Bachelor of Arts Degree in Accounting, with an International Business Minor. Mr. Brown was a long standing member of the former Clarendon Co-operative Credit Union and has previously served on the C&WJCCUL Supervisory Committee.

#### DIONNE MASON-GORDON

Mrs. Gordon is employed to the Shipping Association of Jamaica as Operations Manager - Property and Administration. She has been a volunteer of the former Marine and Allied CU and has



previously served on the Supervisory Committee of the C&WJCCUL. Mrs Gordon is a graduate of the Heriot Watt University of Scotland with a BA Degree in Business and Finance and pending MA Degree in Strategic Planning.

**ROHAN SAUNDERS**

Mr. Saunders has been employed to Jamalco as the Property and Accounts Receivables Accountant since 2015. He holds a Bachelor of Business Administration Degree from the University of Technology, Jamaica and is certified at the Association of Chartered Certified Accountants level. He has been serving on the C&WJCCUL's Supervisory Committee.

**DANIEL SCOTT**

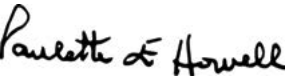
Mr. Scott is currently employed to Flow Jamaica as the Change Manager in Service Assurance. He has over 18 years' experience across different cross sections of the telecommunications industry. He holds a Bachelor of Science Degree in Computing with Management Studies from the University of Technology, Jamaica and an Associate Degree in Electronic Engineering and is ITIL Certified. Mr. Scott has previously served on the C&WJCCUL's Supervisory Committee.

**MICHAEL SUTHERLAND**

Mr. 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, Jamaica. 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 Specialization at the University Of Technology. Mr. Sutherland previously served as a member of C&WJCCUL's Board of Directors and Supervisory Committee for a number of years.

**PATRICK SIMPSON**

Mr. Simpson is currently employed to FLOW Jamaica as Senior Manager Field Services Operations, having over 30 years' experience in telecommunications. He holds a Master's Degree in Business Administration from Nova South Eastern University and a Bachelor of Science Degree (Hons.) major in Economics and Management Studies from The University of the West Indies, Mona. Mr. Simpson is a trained teacher by profession and a graduate of Mico Teachers College. He also previously served as a member of the C&WJCCUL's Supervisory Committee.



Paulette Howell - Chairman



Terrie-Ann Bennett



Carla Davy

ENTER THE

C&WJ S.A.Y.E

SAVE AS YOU EARN

SEEING DOUBLES

THE NEW DATES ARE:  
START DATE: FEBRUARY 4, 2021 - END DATE: DECEMBER 18, 2021

GRAND PRIZE  
WIN ONE OF TWO  
2021 HONDA CITY  
MOTOR VEHICLES

FIRST DRAW APRIL 23, 2021  
SECOND DRAW DECEMBER 22, 2021

CONSOLATION PRIZE

WIN ONE OF TWO TRIPS  
FOR TWO  
TO MIAMI  
OR THE CASH EQUIVALENT OF  
\$150,000

For details visit:  
www.CWJCU.com



RESUMED

The promotion which was to be held from February 17, 2020 to June 28, 2021 had to be postponed due to the arrival of COVID-19.

SAVE & DOUBLE  
YOUR BELONGINGS!

Only new S.A.Y.E. accounts qualify to win.

Authorized under section 58(3) of the Betting, Gaming and Lotteries Act.

\* Motor cars shown may differ in colour based on availability



Scan to download our app

C&WJ Community

and Workers of Jamaica

CO-OPERATIVE CREDIT UNION LTD. ®





## DECEASED MEMBERS LISTING FOR 2020

Aileen Brown  
Albert Garel  
Aldane Backriddan  
Alvin Stewart  
Andria Kerr  
Angela Anderson  
Angela Fearon-Green  
Angelieth Allen  
Angeline Gale  
Annette Thorpe  
Anthony Samuels  
Anthony Swaby  
Anthony Whitely  
Auvell Newman  
Barrington Allen  
Barrington Whyte  
Beon Barnswell  
Bernal Mullings  
Bernard James  
Bernard Sewell  
Bertina Arnold  
Bevrick Foster  
Brendalyn McFarlane  
Brenetta Hutchinson  
Brianna Kerr  
Camisha Foster  
Carlene Gayle  
Carlton Clarke  
Cassell Blackwood  
Cecil Brown  
Cheniqua Ellis  
Chrissan Perry  
Christopher Laylor  
Christopher Rankine  
Christopher Reid  
Christopher Roberts  
Chtistopher Thompson  
Cinderalla Porter  
Claudette Blake  
Cleveland Clarke  
Clifton Bryan  
Clifton Cargill  
Clifton Hill  
Clive Colquhoun  
Clive Dixon  
Colin Robinson  
Cormen Hines  
Dalton James  
Dalton Jones  
Dalton Woods  
Daphne Jones  
Daphne Solomon  
David Benloss  
David Eldernire  
David Mason  
David Sutherland  
Deidre O Farquharson  
Deidre Smith-Charlton  
Delarene Dennis  
Deleta Tomlinson  
Delise Maragh  
Dellis Wynter  
Deloris Denton  
Delroy Barrett  
Delroy Campbell  
Delva Baker  
Denise Gayle-Henry  
Derrick Brown

Deserene Foster  
Devon Edwards  
Devon Ellis  
Donnie Morgan  
Donnovan Brown  
Douglas Campbell  
Douglas McKogg  
Dowen Mais  
Earl Facey  
Edna Daley  
Edward Wint  
Elka Gooden-Lysius  
Enid Wilson  
Enos Knight  
Eric Williams  
Ernest Farquharson  
Errol Cole  
Eudassa Powell  
Eunice Thomas  
Evelyn Graham  
Evelyn Lewis  
Ezma Jones  
Faith Mannings  
Fitzroy Gordon  
Frank Bowes  
Freda Morgan  
Gary Morris  
Gawieha Wright  
Geneive Lindsay-Brown  
Gifford Clarke  
Gilvert Fullwood  
Glanville Foote  
Havelan Honeyghan  
Hedley Brown  
Hilda Ming  
Hope Locke  
Hubert Coleman  
Hughhill Bartley  
Hyacinth Mckay-Clarke  
Hyacinth Wilson-Holness  
Ian Lewis  
Icylina Drummond  
Ida Samuels  
Igol Barnaby  
Imogene E Barnes  
Iris Campbell  
Irvin Muir  
Isreal Lawrence  
Ivy Wright  
James Brown  
James Chambers  
Janet Brown  
Jason Findlay  
Jason Tomlinson  
Jasper Douglas-Es  
Jelonie Jones  
Jennifer Francis  
Jennifer Lloyd  
Jermaine Loney  
Jerome Thomas  
Jhomo Graham  
Joyce Blake  
Kamesha Graham  
Kamoy Knight  
Kareen Lalor  
Kashwayne Bennett  
Katrice Smith-Jones  
Kenrick Knight

Ketrice Smith  
Kevin Mckay  
Klave Reid  
Lascelles Messam  
Lawrence Williams  
Leonard Fullwood  
Leroy Barnes  
Lesley-Ann Layne  
Lester Morgan  
Lileathe Harris  
Lilleth Smith  
Linda Morgan  
Linden Thomas  
Lorna Lalor  
Lovell Virtue  
Luceta Whitely  
Mabel Smith  
Madgelene Cockrane  
Marian Robertson  
Marie Gayle-Scott  
Marion Forrester  
Marlon Roberts  
Marvel Austin  
Mary Facey  
Mary Smith  
Maxine Matthias  
Maxine Westcarth-Vassell  
Melbourne Atkinson  
Melbourne Briscoe  
Melisha Porter  
Melvin Falconer  
Merlene Mullings  
Merlyn Lalor  
Michael Brown  
Micky Nasmyth  
Miecharee Morant  
Monica Lopez  
Monique Khanni  
Moreen Evans  
Nancy McKnight  
Nathali Drummond-Gray  
Natoya Dubidad  
Nehemiah Forrester  
Nerissa Townsend  
Nevil Fredankey  
Neville Miller  
Neville Wongsam  
Nicholas Lemard  
Nicola Kelly  
Noel Spence  
Noris Johnson  
Norman Powell  
Norris Rainford  
Novlette Ledgister  
Obadian Dunn  
Odueco Tewaawah Sewell  
Oral Laing  
Orlette Green  
Orrett McKenzie  
Owen Bryan  
Patricia Wright  
Patrick Thomas  
Paul Hayden  
Paul Rodriquez  
Paulette Allen  
Paulette Sinclair  
Pauline Jarret  
Pearline Haughton

Percel Nelson  
Peter Miller  
Petuna Whyne Knight  
Radcliffe Allen  
Rayon Bartley  
Rayon Dunkley  
Rebecca Myles  
Reuben Cole  
Richard Grey  
Ritta Grant-Albury  
Robert Grant  
Robert Samuels  
Romario Pusey  
Ronald Clarke  
Ronald Depass  
Rosemarie Bennett-Berry  
Rosemarie Stewart  
Roy Tulsie  
Roy Williams  
Rufus Suckra  
Sarah Salmon  
Satchagay Lloyd  
Shakira Lee  
Sharon Morally-Curry  
Shavoy Swaby  
Sheryn Bromfield  
Sinclair Rose  
Sobers Dunkley  
Soleto Williams  
Sonia Simpson  
Sonia Williams  
Stafford Thompson  
Stanford McIntosh  
Stanley Mckenzie  
Steve Taylor  
Sybil Mason  
Sydney Gayle  
Sylvester Dunbar  
Sylvester Letford  
Tamara Beckford  
Terrence McDonald  
Terry Brown  
Thelma Calvin  
Theresa Stoddard  
Theresa Wilson-Poyser  
Trevorton Samuels  
Tyrone Foster  
Urie Witter  
Uriel Brown  
Valrie Mullings  
Vanessa Smith  
Vanley Kerr  
Vanzie Taylor  
Vernal Nicholson  
Victor Sharpe  
Vivnene Thompson  
Walter Tyrell  
Wayne Brown  
Wayne Griffiths  
Wellington Khani  
Wesley Suckoo  
Wilbert Myrie  
Winsome Morgan  
Wray Mendis  
Yvette Dyer  
Zelpha Johnson



## VOLUNTEERS/COMMITTEES WHO SERVED US

### FROM SEPTEMBER 2020 – APRIL 2021

#### BOARD OF DIRECTORS

Mr. Condell Stephenson	President
Mr. Austin Brown	1st Vice President
Mr. Bornette Donaldson	2nd Vice President
Mrs. Ashlyn Malcolm	Treasurer
Mr. Delroy Foster	Assistant Treasurer
Mrs. Pauline Thompson	Secretary
Mr. Winston Green	Assistant Secretary
Mr. Michael Dunn	Director
Mr. Christopher Buckmaster	Director
Mr. Shauneil James	Director
Ms. Paulette Howell	Director

#### CREDIT COMMITTEE

Mrs. Norma Warburton-Thomas	Chairman
Mr. Clifton Atkinson	Secretary
Ms. Judith Cawley	Member
Mr. Trevor Cameron	Member
Mr. Charles Hanson	Member

#### SUPERVISORY COMMITTEE

Dr. Richard Meggo	Chairman
Mr. Michael Sutherland	Secretary
Ms. Shorna Anderson	Member
Mr. Kevron Caine	Member
Mr. George Morris	Member
Mr. Paul Bernard	Member
Mr. Rohan Saunders	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
Mr. Rickie Williams	Member/Staff

#### EXECUTIVE COMMITTEE

Mr. Austin Brown	Chairman
Mrs. Pauline Thompson	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. Pauline Thompson	Member
Mr. Shauneil James	Member
Mr. Winston Green	Member
Mr. Leslie Mills	Honorary Member
Mr. Carlton Barclay	Member/Staff

#### ASSET LIABILITY MANAGEMENT COMMITTEE

Mrs. Ashlyn Malcolm	Chairman
Mr. Rickie Williams	Secretary/Staff
Mr. Condell Stephenson	Member
Mr. Michael Dunn	Member
Mr. Bornette Donaldson	Member
Mr. Austin Brown	Member
Mr. Delroy Foster	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mrs. Sacha Vacciana-Riley	Member/Staff
Mrs. Tracy-Ann Henry-Williams	Member/Staff
Ms. Jacqueline Miller	Member/Staff

#### ARREARS MANAGEMENT COMMITTEE

Mr. Delroy Foster	Chairman
Ms. Sheron Bryan	Secretary/Staff
Mrs. Ashlyn Malcolm	Member
Mr. Bornette Donaldson	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mrs. Tracy-Ann Henry-Williams	Member/Staff
Mrs. Sacha Vacciana-Riley	Member/Staff
Mr. Rickie Williams	Member/Staff

#### POLICY REVIEW COMMITTEE

Mr. Michael Dunn	Chairman
Mrs. Joyce West-Johnson	Secretary/Staff
Mrs. Ashlyn Malcolm	Member
Mrs. Pauline Thompson	Member
Mr. Winston Green	Member
Mr. Shauneil James	Member
Mr. Carlton Barclay	Member/Staff

#### ENTERPRISE RISK MANAGEMENT COMMITTEE

Mr. Shauneil James	Chairman
Mrs. Sacha Vacciana-Riley	Secretary/Staff
Mr. Condell Stephenson	Member
Mr. Bornette Donaldson	Member
Mr. Austin Brown	Member
Mrs. Pauline Thompson	Member
All members of the Management Team	

“

As we look toward the future, 2021 calls us to vision for our members with creativity and ingenuity. It is a promise that our business will rise to the challenge of rebuilding and reforming our people, our delivery channels, our products and services for the financial wellbeing of our members.

”

**Condell Stephenson**  
*President*





HEAD OFFICE: **51 HALF WAY TREE ROAD, KINGSTON 10**

TELEPHONE: **876-936-3800/ FAX: 876-929-8118**

WEBSITE: **WWW.CWJCU.COM**

EMAIL: **INFO@CWJCU.COM**



[WWW.CWJCU.COM](http://WWW.CWJCU.COM) | [INFO@CWJCU.COM](mailto:INFO@CWJCU.COM)