

# ANNUAL REPORT 2024





## Our Mission

Through a competent and committed team and innovative technology, we provide a wide range of services of the highest quality to meet the financial needs and aspirations of our internal and external stakeholders across Jamaica and the Diaspora; Promote equal opportunity; Foster economic growth and stability while upholding our core values. We care for our members and our community.



## Our Vision

To be our members' premier financial partner for life.

## Our Core Values

Integrity, Trust, Service,  
Accountability, Prosperity.



## SECURING YOUR FINANCIAL FUTURE

Enjoy competitive returns on savings, personalized service and a reservoir of products and services to suit your every financial need.

### PRODUCTS AND SERVICES

#### SAVINGS

- UGain Savers Account
- Ordinary Shares
- Special Deposits
- Fixed Deposits
- Partner Plan Savings
- Life Long Savings Account
- Youth Savers Account

#### SERVICES

- Family Indemnity Plan (FIP)
- Health Plan
- Debit Card
- Standing Order Facility
- Payroll Deduction
- Financial Counselling
- Direct Deposit Facility
- Online Banking

#### LOANS PRODUCTS

- Motor Vehicle
- Education
- Mortgage
- Home Equity
- Air Conditioning
- Christmas Combo
- Pay Day
- Computer
- Vacation
- Father's Day
- Cash-On-Credit
- Mother's Day
- Insurance Premium
- Furniture & Appliance
- Salary Enhancer
- Valentine's Day

#### FREE LIFE INSURANCE

- Up to \$2,000,000 on loans
- Up to \$1,000,000 on savings



**JPS & PARTNERS**  
CO-OPERATIVE CREDIT UNION LTD.  
*Your Financial Partner For Life*



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# Notice of Annual General Meeting

Notice is hereby given that the 70th Annual General Meeting (AGM) of the JPS & Partners Co-operative Credit Union Limited will be held on Wednesday, July 23, 2025 at 1:00 p.m. in hybrid format, at the physical location of the AC Hotel, 38 - 42 Lady Musgrave Road, Kingston 5, and via livestream on Zoom.

## AGENDA

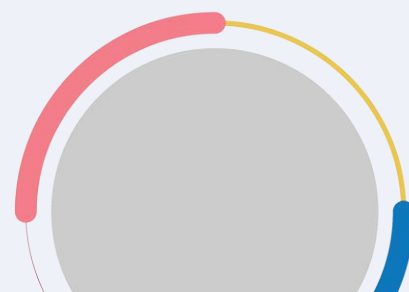
1. Ascertain that a quorum is present
2. Call to Order & Notice of Annual General Meeting
3. Apologies for Absence
4. Approval of the Minutes of the last Annual General Meeting and discussion of matters arising.
5. REPORTS
  - a. Board of Directors
  - b. Treasurer and Auditor
  - c. Credit Committee
  - d. Supervisory Committee
  - e. League Delegates
6. DISTRIBUTION OF SURPLUS
7. RESOLUTIONS
  - a. Fixing of Maximum Liability
8. NOMINATION COMMITTEE REPORT
9. ELECTION
  - a. Board of Directors
  - b. Credit Committee
  - c. Supervisory Committee
10. ANY OTHER BUSINESS
11. ADJOURNMENT



Sheryll Brown  
Board Secretary



# Financial Progress Report 2015 - 2024



YEARS	MEMBERS	SHARES Balance	DEPOSITS Balance	LOANS Balance	EARNINGS			ASSETS	DIVIDENDS/ INTEREST
					Gross Income	Expenses	Net Income before Honoraria		
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	%
2015	11,840	948	1,858	2,071	432,853	391,491	41.36	3,700,351	3.4
2016	13,796	1,209	1,915	2,445	440,946	410,337	30.61	4,110,374	3
2017	14,196	1,247	1,964	2,656	458,758	416,797	41.96	4,223,628	2
2018	14,947	1,263	1,941	2,652	460,278	390,979*	71.62	4,238,844	1.5
2019	13,946	1,319	2,014*	2,872*	458,035	388,659*	57.24	4,902,531*	1.35
2020	11,938	1,418	2,096*	2,740*	455,562	369,047*	86.51*	5,155,275*	1.35
2021	12,069	1,481	2,234*	2,694*	520,755*	370,515	150.239*	5,511,782*	1.35
2022	12,335	1,526	2,271	2,836	479,675	416,672	63.00	5,602,687	1.35
2023	12,794	1,635	2,388	3,425	550,208	475,590	74.62	5,944,268	1.35
<b>2024</b>	<b>13,364</b>	<b>1,849</b>	<b>2,549</b>	<b>4,171</b>	<b>638,974</b>	<b>546,074</b>	<b>252.46</b>	<b>6,675,541</b>	<b>1.35</b>

\*Restated

# Minutes of The 69th Annual General Meeting

of the JPS & Partners Cooperative Credit Union Limited held on July 30, 2024 at The Summit Kingston Hotel, 16 Chelsea Avenue, Kingston 5.

## CALL TO ORDER

The Chairman commenced the meeting at 1:40 p.m.

## PLAYING OF THE NATIONAL ANTHEM

Chairman Kim Robinson apologized to the members for the late start of the meeting and invited everyone to stand for the National Anthem.

## PRAYER

Director Paulstan Francis offered prayer, after which the Prayer of St. Francis of Assisi was repeated.

## QUORUM OF THE MEETING

The Chairman asked the Secretary whether there was a quorum in place to start the meeting officially. The Secretary answered in the affirmative.

## READING OF THE NOTICE CONVENING THE MEETING

The Secretary read the Notice to convene the 69th Annual General Meeting.

## MOTION TO ADOPT THE AGENDA

The Chairman invited a motion for the adoption of the agenda. The motion was moved by Mr. Derrick Tulloch and seconded by Mr. Vaughn McDonald.



*Welcoming members as registration begins for the 69th AGM*

## APOLOGIES FOR ABSENCE

Apologies were tendered for the following members: Mrs. Margaret Morris, Miss Gerlyn Gray, Mr. Albert Dawkins, Mr. Earl Munroe, Ms. June Redway, Ms. Angela Gray and Miss Jennifer Williams.

## BIRTHDAY CELEBRATION

The Chairman told the members that no matter how old or young they are, they must always give thanks for life. She said she was celebrating the birthday for all members who are born in July, including herself. She subsequently stated that it was a pleasure to remain on earth with the members for yet another year in this special month of July.

## RECOGNITION OF PASSING MEMBERS

The Chairman read the names of the members who had passed during the year and subsequently observed a moment's silence.

## **REINTRODUCTION OF EXECUTIVE MEMBERS AND MANAGEMENT TEAM**

The Chairman announced the composition of the Executive as herself as President, Mr. David Fleming, Vice President, Miss Natalie Sparkes as Treasurer, Miss Tricia Robinson as Secretary, Mr. Patrick Davidson as Assistant Treasurer, Mr. Clive Segre as Assistant Secretary, Mr. Paulstan Francis, Miss Timain Campbell and Mr. Devon Wright.

She stated that the Management Team for the year 2023 was led by Miss Joydene Jarrett and the remaining members were Mr. Chad La Ronde, Mr. David Goodlitt, Mrs. Marjorie Richards-Johnson, Ms. Nassalie Brown, Mrs. Marie Young-McNamee, Mrs. Karleen Brown, Mrs. Judith Umrah, Mrs. Camille Archibald (online).

The Chairman used the occasion to recognize the chairpersons of the statutory committees, the Credit Committee led by Mrs. Diedre Codner Campbell and the Supervisory Committee led by Miss Tricia Dorman.

## **WELCOME**

Chairman Robinson invited Mr. David Fleming, Vice President, to welcome the members. Mr. Fleming welcomed everyone in the room, both present as well as online, as well as Mrs. Tashieika Howell-Palmer, Mr. Marco Whyte and Mrs. Antoinette Henry-Johnson from the Department of Cooperatives and Friendly Societies. He extended special welcome to Ms. Jamique Flemmings from the Jamaica Co-operative Credit Union League, the Auditors from BDO Chartered Accountants, as well as the members from the internal auditing firm Dawgen Global Jamaica. Special welcome was also extended to Mr. Derrick Tulloch, Mr. Vaughn McDonald, Ms. Carla Whyte, Ms. Kadian Pusey, Ms. Vicky-Lee Myers, Mr. Nelson Facey, Mr. Andrew Matherson, Mr. Derrick Redway, Mr. Donovan Cunningham, Mr. Courtney Whyte and Mr. Vashawn Burnett.

## **ADOPTION OF MINUTES OF THE 68TH ANNUAL GENERAL MEETING**

Secretary Tricia Robinson requested a motion that the Minutes of the 68th Annual General Meeting (AGM) be taken as read. The motion was moved by Mr. Delroy Redway and seconded by Mr. Vaughn McDonald. All were in favour.

There was no correction to the Minutes of the 68th Annual General Meeting.

The Minutes of the 68th AGM was approved by Mrs. Daffodil Bruce and seconded by Mr. Vaughn McDonald.

## **MATTERS ARISING FROM THE MINUTES OF THE 68TH ANNUAL GENERAL MEETING**

Mr. Derrick Tulloch raised the issue of the timeliness of the holding of the Annual General Meeting and asked the President to return to the days of having the meeting within 45 days. President Robinson pointed out that the previous year, one of the hurdles was the audit. Another hurdle was ensuring that all bases with regards to the requirements of the Credit Union's Rules with nominations, et cetera were covered. She promised that next year (2025) the meeting would be held earlier.

Member Tulloch gave commendation to the board and management for taking on the request at the last AGM to use some of the institutional capital and transfer same to members as permanent shares. He said he noticed when he got his last statement that the amount was credited to his account and asked the Board when doing the appropriation, to continue to protect the members in the future.

On page 22, Mr. Tulloch raised the matter of Investors Night. He said that he raised the issue the previous year and that he has not seen any communication on the matter. On the matter of the Care-A-Bit Fund, Mr. Tulloch commended the Credit Union for putting out a paper following Hurricane Beryl inviting members to assist them. However, he said that more publicity was needed regarding the Care-A-Bit Fund in assisting the affected members. Treasurer Sparkes assured Mr. Tulloch that Investors Night was planned and budgeted for and would be taking place in the third quarter of the year. On the issue of the Care-A-Bit Fund, Treasurer Sparkes said that it was already being advertised on the website. However, she added that she would take member Tulloch's point as he had written to the Credit Union twice on the matter.

## **DIRECTOR'S REPORT**

The Chairman commenced her report by stating that it was her pleasure to be reporting on the excellent performance of the Credit Union for the year 2023, which was done under the primary auspices of immediate past President Donovan Cunningham. She pointed out that for the 2023 financial year the Credit Union performed exceptionally well and that the Treasurer would be delving into the numbers momentarily. The Chairman noted that the excellent performance was achieved despite the

economic climate which had been difficult on the members financially. She asserted that the Credit Union reported growth in surplus, loans and deposits, and that the Treasurer would share the numbers in short order with the members.

Referring to the theme for the Annual General Meeting "Connect, Protect, Digitize", the Chairman said that the theme was chosen to acknowledge the fact that the members are at the center of everything done by the Credit Union. She went on to say that the Board understands that in order to make significant changes it is essential for the Credit Union to prioritize meaningful connections with its members and its stakeholders as the Credit Union protects members' data through strong policies and practices and the use of management techniques that promote growth, cohesion and unity.

The Chairman announced that the Credit Union copped the 2023 Paul Thompson Credit Union of the Year Award for Medium-Sized Credit Unions and the 2023 Lorrel Bruce Award for Service Excellence at the 83rd Annual General Meeting and Awards Banquet hosted by the Jamaica Cooperative Credit Union League on June 1, 2024. She expounded by saying that the Lorrel Bruce Award



*Member, Eaton McNamee posing a question.*

recognizes the Credit Union's dedication to providing customized products and services to members at competitive interest rates. The Chairman told the members that the 2023 Paul Thompson Credit Union of the Year Award for Medium-Sized Credit Unions was a first time win for JPS & Partners Co-operative Credit Union and that it is a testament to the dedication of the team members, the volunteers and the valued members of the Credit Union since 1956.

Speaking to the economic atmosphere the Credit Union operated under during 2023, the Chairman stated that the economy showed resilience despite rising interest rates, inflation, and uncertainties around the Russia/Ukraine War. She said that despite all of that, the country's economy grew by 2.6% mostly due to the expansion of services and goods-producing industries. Chairman Robinson reported that inflation was at a record 6.9% as determined by the Statistical Institute of Jamaica and that, unfortunately, the Bank of Jamaica's (BOJ) projection is that after March 2025 the country will exceed the inflation rate target of 4% to 6%. She added that the members of the Board are cognizant of that situation as they develop the strategies to alleviate members' financial burdens.

The Chairman reported that the unemployment rate as at December 2023 for Jamaica was 4.2% which represented a decline of 2.4% over the 2022 figure of 6.6%. She stated that the BOJ kept its interest rate at 7% throughout 2023 and that the reason behind the market interest rate trends was the preference of persons investing in fixed rates investments as opposed to the stock market. She subsequently stated that coming off the heels of the COVID-19 pandemic, the stock market had not rebounded as members would have liked. Additionally, the Chairman reported that the Government of Jamaica 90 and 180-day treasury bills increased to 8.1% and 8.4% respectively in 2023 compared to 8.04% and 8.1% the previous year.

She stated that the Net International Reserves totalled \$4.78 Billion as at December 2023 when compared to \$3.98 Billion recorded for 2022, and that the performance reflected an increase of approximately 16.2%. For the financial exchange rate, she subsequently stated that the dollar traded at close to \$154.95 to US\$1 for the period.

The Chairman advised that the Credit Union's policies and procedures were updated such that the Credit Union commenced registration with the Office of the Information Commissioner under the Data Protection Act, and the Credit Union is simply just waiting for approval. She told the members that over the past year the Credit

Union had made significant preparations, putting all measures in place to ensure that members' confidential information was protected. She urged the members to visit the Credit Union's website to view the Privacy Notice which outlines in detail how the Credit Union treats with members' information when they engage the Credit Union to do business.

The Chairman noted the Jamaica Cooperative Credit Union League's (JCCUL's) spearheading of a Data Protection Implementation Programme, which ensured that all Credit Unions had everything in place to comply with the Data Protection Act. The League also assisted in ensuring that the Credit Union had the appropriate enterprise risk management framework in place. Additionally, she spoke to the Credit Union's Access Debit Mastercard offering and invited the members who had not yet signed up, to visit the Credit Union's booth on the outside of the AGM's room or any of the branches to sign up for the card which has a "tap and go" feature, allowing members the opportunity to shop online and do bill payments.

The Chairman, in giving an overview of the operational performance of the Credit Union for 2023, stated that the Members' Share Capital increased by 7.08% from \$1.5 Billion to \$1.6 Billion, Deposits increased by 5.1% from \$2.2 Billion to \$2.3 Billion. She attributed the growth to both the addition of new members, as well as the mandatory savings associated with some of the Credit Union's loan products. The Chairman reported that the Credit Union's loan portfolio moved from \$2.83 Billion to \$3.42 Billion which represented a 20.97% increase over 2022. She attributed the remarkable performance to the inclusion of new products, the revamping of the current loan portfolio to include reduced interest rates as well as increasing loan limits. Total Assets for the Credit Union, she reported, grew by 6.1%, moving from \$5.6 Billion in 2022 to \$5.9 Billion in 2023. The Chairman reported that Surplus increased by 18.4% moving from \$63 Million in 2022 to \$74.62 Million in 2023 and that membership grew by 3.72% over the prior year bringing the total number of members to 12,794. She pointed out that in regard to membership the Credit Union Movement is suffering from an ageing membership and urged the members to open savings accounts for their children from early, with the Credit Union.

Turning to Institutional Capital, the Chairman reported that the Credit Union's Institutional Capital stood at approximately \$907.46 Million, which is 2.84% more than the \$882 Million recorded in 2022. For the PEARLS ratio standard, she told the membership that the PEARLS ratio

states that the Credit Union should have Institutional Capital of 8%; however, the Credit Union has a ratio of 15.37% of Total Assets. For the delinquency performance, she commended the management's team strategy to hold the ratio at 1.28% despite the Board's flexibility of a 3% allowance. She noted that the 1.28% was below the industry's standard of 5%. She also commended the members for paying the Credit Union on time, satisfying their obligations.

The Chairman reminded the members of the other services the Credit Union provided such as the Family Indemnity Plan and Members' Insurance Plan. She stated that the Family Indemnity Plan allows members to purchase policies for individuals, with coverage up to \$2 Million - through CUNA Caribbean Insurance Jamaica. She encouraged the members who were without health insurance to reach out to the team at the Credit Union and speak to them about taking out health insurance, offered by Canopy Insurance through the Caribbean Assurance Brokers Limited.

Speaking to the risk management framework, the Chairman said that regulatory compliance and risk management is really a measure that the Credit Union put in place to ensure compliance with the regulatory requirements, as well as the governance structure led by the Board of Directors. She added that the Credit Union has an active Risk and Compliance Committee, which includes the Risk and Compliance Manager, to ensure that the Credit Union remains compliant with all the statutory requirements of filing, et cetera. The Chairman told the members that the Credit Union's Risk Register is updated and monitored by Management. The Board, through the Risk and Compliance Committee, also ensures that the Credit Union remains compliant with Anti-Money Laundering and Counter Financing of Terrorism laws as they apply from time to time.

The Chairman advised that the Credit Union remains committed to its team members and ensured that various training programmes were put in place to make sure that staff remains relevant and able to serve the members. In ensuring that staff members' mental and physical well-being were taken care of, the Credit Union had various engaging activities throughout the year such as team building retreats and "healthy shakes" day, to name a few.

Looking at the governance structure of the Credit Union, the Chairman told the members that they are led by the Board of Directors which is responsible for the approval of the Credit Union's strategic direction and institutional



*Member, Stephanie Whyte, proudly displays her AGM token*

objectives, approval of the annual report and budget and operational plans for any given year, ensuring that the Credit Union is compliant and that the policies and procedures of the Credit Union are up to date, monitoring the performance of senior management, as well as ensuring that all major expenses in excess of the limit imposed upon management are adhered to.

On the matter of digitization, the Chairman reported that for 2023 the Credit Union put in place changes to allow further enhancements for members, giving them the ability to access their accounts, conduct transactions and generate statements with ease using the mobile platforms. She reminded the members that for 2023 the Credit Union modified the mobile app platform to allow it to be accessed by iPhone users.

Speaking to the Care-A-Bit Fund, the Chairman stated that it is one of the Credit Union's corporate social responsibilities in which the Credit Union gave back to its members during the year. She went on to say that the fund allows a one-time grant support for members to qualify for \$30,000. She noted that with the recent passage of Hurricane Beryl, members who have the need

for the fund should try to access it by applying to the Credit Union.

Moving to the Scholarships and Bursaries Programme, the Chairman stated that this is offered to children sitting the Primary Exit Profile (PEP) examinations. Bursaries are also offered to members and members' children who are doing their first year bachelor's programme with an accredited university in Jamaica. She noted that an amount of \$3.5 Million was put aside to meet those needs. Additionally, she reported that in 2023, the Credit Union continued its assistance with partner schools across the island.

In looking at the way forward for the Credit Union, the Chairman stated that the Credit Union will continue to ensure that the Data Protection Act requirements are fulfilled and that continued focus be placed on efficiency to members through digitization, as well as membership growth which is vital to the growth of the Credit Union. She stated that the Credit Union will continue to maintain a robust governance framework through the team of volunteers both at the statutory and the executive levels.

In closing, the Chairman thanked the Lord for all the Credit Union's accomplishments and successes for 2023, as well as the members for continuing to choose JPS & Partners Credit Union as their financial partner for life. She also thanked the Management and Staff, the Board, the Regulators, the Internal and External Auditors, and Attorneys, all of whom contributed to the Credit Union's success.

## COMMENDATION/QUESTION & ANSWER

Mr. Tulloch commended President Kim Robinson on her inaugural speech and presentation. He said that he knew she would do an excellent delivery and that he has the level of trust and confidence that she will grow in the position. He also commended the other members of the team and the management headed by Miss Joydene Jarrett. Mr. Tulloch commended the quality of the Credit Union's Annual Report, and expressed commendations to the management and team of the JPS & Partners Credit Union for the report.

Mr. Tulloch encouraged the members to update their Nomination Forms and to get the people they are proposing as their beneficiaries to become members of the Credit Union.

Mr. Tulloch asked the Chairman when the Credit Union

would be having a Disaster Preparedness Loan.

Mr. Tulloch enquired as to the increase of fees and subsequently asked the Board to use empathy to delay the implementation of the fees.

Chairman Kim Robinson, responding to Mr. Tulloch, thanked him for his observations and recommendations. On the issue of the beneficiaries, she said that in an effort to try and increase membership, the credit union currently engages with beneficiaries of the deceased when they come in.

With respect to the question of the increase of fees, the Chairman said that the Treasurer promised that the Board would look into the matter in terms of the implementation.

As regards the question on the Disaster Preparedness Loan asked by Mr. Tulloch, the Chairman stated that the Credit Union has a Disaster Preparedness Loan and that the Credit Union would elaborate on it and publicize it a bit better.

Mr. Eaton McNamee, referring to the awards received by the Credit Union, specifically the Paul Thompson Award, enquired as to what the award meant for the common member. The Treasurer stated that what it meant for the common member is that when the member assessed the Credit Union on all of its ratios in terms of security, stability, performance, JPS & Partners Credit Union topped all the other credit unions in the medium-sized category.

Mr. Eaton McNamee enquired as to whether the Credit Union considered employing a Data Protection Officer. The Chairman said that the Credit Union has a Data Protection Officer appointed but the Credit Union outsourced the service for the year given the cost. She added that the matter is something that the Credit Union would revisit to see whether or not the Credit Union can afford to take it in house or continue to outsource the function.

Miss Julitte Reeves expressed concern about being unable to reach the Credit Union via the switchboard and asked that something be done about members reaching the Credit Union. The Chairman said that the Credit Union recently put in place millions on a new PBX system, so improvement is expected going forward, over the next six months. Mr. Devon Wright, Chairman of the Information Technology Committee, told the members that the Credit Union just signed off on the agreement with the suppliers

to start working on the PBX system, and therefore before the end of the year members should find significant improvements in accessing the Credit Union.

Director David Fleming, assisting with the queries and concerns online, stated that Mr. Cebert Mitchell commended Miss Joydene Jarrett, outgoing General Manager, on the excellent job done over the years at the helm of the Credit Union, and wished her all the best in her future endeavours.

Mr. Mitchell also raised the issue of diversity of the board to which Mr. Fleming indicated that nominations are open and blasts were sent out to each member. Mr. Fleming noted that JPS & Partners Credit Union throughout the years continues to have a diverse Board of Directors with varying skill sets that the members bring to the table, which have resulted in the initiatives and the accomplishments of the Board over the years.

Miss Karen Frederick informed the meeting that it was very frustrating trying to access parking at the Credit Union at the Half-Way-Tree location. Treasurer Sparkes informed the meeting that several initiatives have been looked at regarding the parking. She stated that one option is to vacate the area and leave a certain amount of parking spaces for persons who come to do business, as well as to ask employees to park at JPS's Head Office and shuttle them over. Another option looked at, she stated, is to relocate some of the team members to the Ocean Boulevard location which would free up some more parking space in Half Way Tree. The Treasurer told the gathering that she heard the members' cries regarding the parking situation and that by the end of the year they should see the rollout of solutions.

## **ADOPTION OF DIRECTOR'S REPORT**

The Treasurer invited a motion for the Director's Report to be adopted. The motion was moved by Mr. Derrick Tulloch and seconded by Mr. Vaughn McDonald. All were in favour.

## **MOTION – THE AUDITORS' REPORT**

Treasurer Natalie Sparkes moved a motion to have an abridged version of the Auditors' Report. The motion was seconded by Mr. Vaughn McDonald. Miss Kadian Pusey subsequently read an abridged version of the Auditors' Report.



*Treasurer, Natalie Sparkes addressing a member's query*

## TREASURER'S REPORT

Before commencing her report, the Treasurer told the members that the previous year, the Credit Union got the mandate to ensure that the Credit Union's audit statements were done on time. She noted that the Registrar, on page 55, gave the Credit Union its approval on April 30, 2023. She subsequently asked for a motion that the Treasurer's Report located on pages 38 to 43 be taken as read. The motion was moved by Mr. Vaughn McDonald and seconded by Mrs. Daffodil Bruce. All were in favour.

The Treasurer told the members that the Treasurer's Report is about their money and anything they do not understand, while she is going through the report, they should stop and ask questions and they would be guided. The Treasurer told the members that they should be very proud of what their Credit Union had done with their money and that the Credit Union had performed credibly. She invited Mr. Vaughn McDonald, who would be leaving the meeting shortly, to ask a question on the Treasurer's Report. Mr. McDonald stated that on page 45 under the Distribution of Surplus, he was curious as to what the item Business Re-organization meant. Treasurer Sparkes stated that every year the Credit Union would put money aside towards reconstructing and redesigning of the business. She noted that the Credit Union was putting in new tier and reconstructing and that the Credit Union in the process might have to give early

retirement packages and, therefore, monies would have to be put aside to accommodate that. Mr. McDonald asked what is the current amount that the Credit Union has based on the funds and stated that \$5 Million is tiny for the reorganization amount. The Treasurer directed Mr. McDonald to page 145 where the current amount reflected \$26 Million.

Going through her report, the Treasurer stated that GDP was 2.6% compared to 5.2% in 2022 and that the Jamaican dollar depreciated by 1.19%, while the inflation rate was at 6.9% compared to the target of 6%. She reported that there was a decline in unemployment to a record low of 4.2%. The Treasurer stated that the economy did well in 2023 and therefore because of that uptick the Credit Union saw some uptick. She stated that shares in the Credit Union moved from \$1.5 Billion to \$1.6 Billion in 2023, while loans moved by 20.7%.

At this juncture Treasurer Sparkes commended Mr. La Ronde, the Credit Manager, and Ms. Maxine Thompson, Finance and Treasury Manager, for the hard work they had done over the year.

The Treasurer reported that Revenue for the Credit Union stood at \$550 Million for 2023 and that the biggest area it came from was the loan interest. She also reported Income Revenue from investments at 23.91%, Interest Income of \$531 Million, Surplus of \$74.62 Million and Net Loans to Total Assets of 57.62%. She noted that the

PEARLS ratio required that the Credit Union should lend between 60% and 80% and therefore the figure of 57.62% meant that the JPS & Partners Credit Union needed to lend some more. She reported that the Credit Union's Savings Deposits to Total Assets was 67.68% and that Institutional Capital should be above 10%. Total Delinquency for the Credit Union was reported at 1.29%, Operating Expense was 6.5%, while Non-Earning Assets stood at 7.1%.

In closing, the Treasurer thanked God for continued life, as well as the team members from the various locations who worked to make the year a successful one for the Credit Union. She also thanked the Registrar, Mr. Errol Gallimore and his team, as well as acknowledged and thanked the Internal and External Auditors for the tremendous job they had done for the Credit Union over the year.

## QUESTIONS/COMMENDATION/CONCERNS

Mr. Derrick Tulloch commended the Treasurer on the presentation of her report and noted that some of the profits reported for 2024 must go to the members in terms of building their Permanent Shares in the Credit Union.

Mr. Tulloch asked the Treasurer to explain the movement in accrued expense from \$12 Million to \$33 Million, Audit

Fees from \$3.3 Million to \$7.3 Million, as well as the movement of Other Payables from \$7 Million to \$15.4 Million. In explaining the reason for the increase in the Audit Fees, Miss Sparkes said that the Credit Union had to do something different during the year and therefore more auditing support was brought on, as well as the Credit Union outsourced some other parts of the accounting section in order to focus more on the 2023 accounts. She pointed out that the Credit Union also underwent a specialized audit.

Mr. Tulloch enquired as to what drove the rental from \$1.9 Million to \$5.6 Million. The Treasurer pointed out that most of the increase was due to Ocean Boulevard coming back on board.

Ms. Karen Frederick, on behalf of Mr. Cebert Mitchell, noted that CG Cooperative Credit Union, which represents employees at Jamaica Customs and Tax Administration Jamaica, had merged with JPS & Partners Credit Union, yet there was no representation on the Board for the members. Mr. Fleming stated that there was representation of CG within the Credit Union Movement. He pointed to page 161 and noted that Mr. Anthony Cameron has been serving on the Credit Committee. He mentioned also that for the previous year Mrs. Diedre Codner-Campbell and Mr. Cebert Mitchell used to sit on the Credit Committee. Mr. Fleming stated that throughout the year location visits were done and that a number of TAJ locations were visited. Ms. Frederick stated that the Ministry of Finance is a part of TAJ is and those persons are potential members. Mr. Fleming promised to take her note on board and action same.

Mr. Pierre Wright recommended that due to the difficulty in reaching some persons, for example those at Digicel and the Wharf, the Credit Union could market the services digitally by allowing members to assess the loans through the mobile app. The Treasurer thanked Mr. Wright for his recommendation and noted that the Credit Union was trying to do what he is recommending, hence the server upgrade, switches, PBX, and all of those things.

Ms. Julitte Reeves asked that the Credit Union look at having a dedicated bearer to transport mails between Half-Way-Tree and New Kingston.



*Members reviewing the Financial Statements*

Mr. Eaton McNamee said that whenever he tried to market the Credit Union some persons laughed at him and said they had never heard of the Credit Union before. He pointed out that sometimes persons associate the Credit Union with the Jamaica Public Service (JPS) only, and then they say they do not want to have anything to do with that company. The Treasurer said that the very same point was raised with the Board and the President had asked the marketing team to conduct research to see if the name was impacting the Credit Union's growth.

## **ADOPTION OF TREASURER'S REPORT**

At the end of the question and answer session, the Treasurer invited a motion for the adoption of the report. The motion was moved by Mr. Donovan Cunningham and seconded by Mr. Delroy Redway. All were in favour.

## **DISTRIBUTION OF SURPLUS**

The Treasurer outlined that the amount for distribution was \$53,000,000 and same would be distributed as follows: dividend payment on permanent shares of 10% - \$8,004,351, Lifelong Savers, 2% - \$6,505,462, Institutional Capital \$11,000,000, Business Re-Organization, \$5,000,000, Honorarium 4.4% - \$4,400,000, Scholarship and Outreach Reserve, \$3,500,000, Special Disaster Grant, 2,061,000, IT (Hardware and Software) Upgrade, 6,000,000, Infrastructure Upgrades and Development, 7,000,000.

The motion for the acceptance of the Distribution of Surplus was moved by Miss Natalie Sparkes and seconded by Mr. Derrick Tulloch. All were in favour.

## **FIXING OF CURRENT MAXIMUM LIABILITY**

The Treasurer read the Resolution and stated that she moved same on behalf of the Board of Directors. The motion was seconded by Mr. Derrick Redway. All were in favour.

## **CREDIT COMMITTEE REPORT**

The Chairman invited a representative from the Credit Committee to deliver the report. Mr. Courtney Whyte volunteered and asked for a motion to take the report as read. The motion was duly moved by Mr. Delroy Redway and seconded by Mrs. Daffodil Bruce. All were in favour.

Mr. Courtney Whyte, responding to a comment made earlier regarding which station Jamaicans listen to more, suggested that the fastest growing radio station is Edge

FM with Richard Burgerman and Ron Muschette and that the Credit Union should use this station to market its services.

## **ADOPTION OF CREDIT COMMITTEE REPORT**

The Chairman invited a motion for the adoption of the Report. The motion was moved by Miss Tricia Robinson and seconded by Miss Joydene Jarrett. All were in favour.

## **SUPERVISORY COMMITTEE REPORT**

The Chairman invited Mr. Vashawn Burnett to marshal the Supervisory Committee Report. Mr. Burnett invited a motion from the floor for the report to be taken as read. The motion was duly moved by Miss Tricia Robinson and seconded by Mr. Clive Segree. All were in favour.

Mr. Burnett stated that the Credit Union is up to date and is in good standing with its policies and procedures. He informed the membership that the Credit Union had parted ways with Smith and Associates and that the new Internal Auditor is Dawgen Global. Mr. Burnett concluded his presentation by expressing gratitude to the staff, management, board of directors, as well as the outgoing Internal Auditors, Smith and Associates, for their support during the period.

## **QUESTION AND ANSWER**

Mr. Derrick Tulloch enquired as to the process that was engaged to select Dawgen Global as the Credit Union's Internal Auditors. Mr. Burnett said that a public tender was sent out for the selection of the Internal Auditor and a number of companies responded to the tender. He subsequently said that Dawgen Global was successful.

## **ADOPTION OF SUPERVISORY REPORT**

The Treasurer invited a motion from the floor for the adoption of the Supervisory Report. The motion was moved by Mr. Donovan Cunningham and seconded by Mr. Derrick Tulloch. All were in favour.

## **LEAGUE DELEGATES DREPORT**

Treasurer Sparkes invited a motion for the report to be taken as read. The motion was moved by Miss Tricia Robinson and seconded by Mr. Clive Segree. All were in favour. The Treasurer pointed out that the report highlighted what took place at the League's Annual General Meeting (AGM), who were nominated, who were



*Directors Patrick Davidson (left) and Paulstan Francis (right) share in a discussion*

elected and how the Surplus was distributed and what took place at the awards function. There being no questions, the acceptance of the League Delegates Report was moved by Mr. Derrick Tulloch and seconded by Mr. Patrick Davidson. All were in favour.

## **NOMINATING COMMITTEE REPORT**

Being invited by the Chairman to marshal the report, Mr. David Fleming referred the meeting to the Nominating Committee Report on pages 160 to 162 of the Annual Report. He subsequently invited a motion for the report to be taken as read. The motion was moved by Ms. Tisona Johnson and seconded by Mr. Devon Wright. All were in favour.

### **Board of Directors**

Mr. Fleming announced that the following members were retiring from the Board: Clive Segree, Tricia Robinson, Devon Wright, Timain Campbell and Paulstan Francis. The following members were nominated to serve for two years: Donovan Cunningham, Sheryll Brown, Winston Delahaye, Timain Campbell and Paulstan Francis. The remaining members on the Board were Natalie Sparkes, Patrick Davidson, David Fleming and Kim Robinson.

### **Credit Committee**

The members retiring at the 2024 Annual General Meeting

were: Diedre Codner Campbell, Nerine Brown-Boothe and Courtney Whyte. The following members were nominated to serve on the Credit Committee: Courtney Harrison, Rashema Stanford and Courtney Whyte. The remaining members on the Committee were Anthony Cameron and Caphanne March.

### **Supervisory Committee**

The members retiring at the 2024 Annual General Meeting were: Sheryll Brown, Vashawn Burnett, Tricia Dorman, Courtney Harrison and Yannick Johnson. The following members were nominated to serve on the Supervisory Committee: Tisona Johnson, Nerine Brown-Boothe, Tricia Dorman, Renardo Lobban and Yannick Johnson. All members will serve for a term of one year.

At the end of the presentation, Mr. Fleming invited a motion for the adoption of the Nominating Committee. The motion was moved by Mrs. Daffodil Bruce and seconded by Mr. Vashawn Burnett. All were in favour.

### **Elections**

At this juncture, Mr. Fleming handed over to Mrs. Tashieika Howell-Palmer, Senior Compliance Officer and representative from the Department of Co-operatives and Friendly Societies, to conduct the election process. Mrs. Howell-Palmer introduced herself to the meeting and stated that Mr. Tulloch had some commentary and she would be allowing him to make his comments.

Mr. Tulloch stated that the process for a loan was conducted at a branch, and because the loan seemed to be taking an extended time, the branch manager was called, allegedly, by Mr. Winston Delahaye, who identified himself as a member of the Finance Committee. Mr. Tulloch said that as volunteers, all members are equal regardless of whatever post they have in the Credit Union, and therefore he had a concern about the situation regarding Mr. Delahaye's behaviour.

Mrs. Howell-Palmer stated that she believed in natural justice and allowed Mr. Winston Delahaye to respond to Mr. Tulloch's allegation. Mr. Delahaye stated that Mr. Tulloch was not a part of the conversation and he was reporting possibly what was reported to him. Mr. Delahaye pointed out that he should not be calling the General Manager to get service. He said that he should be able to use the channels established to get the service needed. Mr. Delahaye stated that had he known Mr. Tulloch was going to come to the meeting with this matter he would have brought the recording of his conversation,

as he usually records conversations like these. He went on to say that the loan that he sought to get was a special loan which you either receive within 24 hours or 48 hours. He said that after three days he did not get the loan and instead he was asked a raft of questions. Mr. Delahaye said that he could not remember the specific conversation, but he might have said to the person that he was going to raise the matter with the Finance Committee for it to be addressed. Mr. Delahaye promised to share the recording with the President.

Mr. Redway, on a point of clarification, questioned whether the recording of the conversation by Mr. Delahaye was legal. Mrs. Howell-Palmer said that the matter would be dealt with outside of the meeting. Mr. Redway pressed for a clarification on the matter before going into a vote. He stated that if somebody is being recorded, as he understood the law, the person should be made aware and also, there are certain clauses that even if the person gives permission, the person is protected by law that the recording cannot be used elsewhere.

Mrs. Howell-Palmer thanked Mr. Redway for his contribution. She then referred to the Rules of the Credit Union, and stated that there is a process when it comes on to the nomination of Directors or Volunteers to the different Committees. She stated that if it is that there was an objection, the Rule gives the time allotted when the persons that have been chosen are put to the members, so an expression of any objection should have been done

during that time. She stated that at the end of the meeting the Department of Cooperatives and Friendly Societies and the Board would look into the nomination process that was engaged to ensure that the Rules were properly followed and that the necessary policies were upheld during that process. She subsequently stated that in the event that any changes need to be made to the volunteers that are elected, same would be done in accordance with the Rules of the Credit Union.

Mrs. Howell-Palmer at this juncture stated that she would not be doing an en bloc election, but that she would be taking each committee separately in the event that there are any issues. She subsequently invited a motion to be moved to duly elect the nominees to the Board. The motion was moved by Mrs. Daffodil Bruce and seconded by Mr. Courtney Whyte. All were in favour.

### **Board of Directors**

Mrs. Howell-Palmer announced the members serving on the Board as follows: Donovan Cunningham, Sheryll Brown, Winston Delahaye, Timain Campbell, Paulstan Francis, Natalie Sparkes, Patrick Davidson, David Fleming and Kim Robinson.

### **Credit Committee**

Mrs. Howell-Palmer announced the members serving on the Credit Committee as follows: Courtney Harrison, Rashema Stanford, Courtney Whyte, as well as Anthony Cameron and Caphanne March, who will complete their term. She subsequently invited a motion from the floor to duly elect the members up for election. The motion was duly moved by Mr. Derrick Tulloch and seconded by Mr. Derrick Redway. All were in favour.

### **Supervisory Committee**

The members of the Supervisory Committee were announced as follows: Tricia Dorman, Yannick Johnson, Tisona Johnson, Nerine Brown-Boothe and Renardo Lobban. A motion was moved to duly elect the members by Mr. Clive Segree and seconded by Miss Tricia Robinson. All were in favour.



*Member, Venice Henry-Blackwood is all smiles at the 69th Annual General Meeting*



*Outgoing General Manger, Joydene Jarrett, conversing with (L-R) Delroy Redway & Donovan Cunningham*

## DELEGATES AND ALTERNATE DELEGATES

Mrs. Howell-Palmer invited a motion from the floor to empower the Board to appoint the Delegates and Alternate Delegates to the respective societies. The motion was moved by Mr. Delroy Redway and seconded by Mrs. Daffodil Bruce. All were in favour.

## ANY OTHER BUSINESS

The Chairman invited Miss Joydene Jarrett to do the spot prizes. Miss Jarrett outlined that the prizes would be given to the first person to register online virtually, the first person to register in person at the AGM, for the person who stayed online for the entire AGM session and also for the person who could answer a simple question. The first prize, courtesy of CUNA Caribbean Insurance Jamaica,

went to Mr. Richard Smith, who was the first to register for physical attendance. Major Merrick Lloyd won the prize courtesy of Asset Promotions & Catering Services Limited for the first person to register virtually. Mr. Shawn Ashman won the prize courtesy of Pear Tree Press for the first person to be registered in attendance at the AGM on that afternoon. Ms. Venetia Thomas won the prize for being online the longest. A member won the final prize courtesy of West Indies Promotions and DC Stationery Depot Limited, for answering correctly the theme for the 2024 AGM.

## CITATION TO MISS JOYDENE JARRET

The Chairman read a citation to Miss Joydene Jarrett, outgoing General Manager, and thanked her for her years of service to the Credit Union. The citation was presented to Miss Jarrett by Mr. Clive Segree. Miss Jarrett, in her response, thanked the members of the Board, as well as all the other members of the various committees, the staff and all the members of the Credit Union. She asked the members to continue to let JPS & Partners Cooperative Credit Union Ltd. be their Financial Partner for Life.

## ADJOURNMENT

The Chairman thanked everyone for coming and wished for them a safe journey home. The meeting accordingly adjourned at 5:05 pm.

**Life Long**  
*Savings Account*  
...create wealth today  
for a brighter tomorrow



# Report Of The Board Of Directors to the 70th Annual General Meeting

*“The beauty of empowering others is that your own power is not diminished in the process.”*

*Barbara Coloroso*

## Dear Fellow Co-operators,

In spite of the fact that 2024 was marked by global economic uncertainty and various challenges, your Credit Union navigated the year with resilience and a steadfast commitment to its members. We continued to grow our loans and deposits and maintained a surplus from operations, even as competition in the financial sector intensified. This performance was driven by prudent management and our focus on member empowerment – a focus encapsulated in this year’s Annual General Meeting theme, **Empowering Members, Enhancing Lives**.

We recognize that our members are at the heart of all we do. By empowering you with accessible financial solutions and guidance, we strive to enhance your lives and communities in meaningful ways.

As we advance our digital transformation journey, we have kept this people-centred philosophy in view. This year, a new online loan platform now being introduced will allow members to apply for loans from anywhere at any time – a major step in improving convenience and access. This initiative is part of our broader strategy to leverage technology to serve you better. Indeed, digital innovation for us is not about technology for its own sake, but about creating a seamless, convenient experience for our members while maintaining the personal touch and trust that define our Credit Union.

## Economic Atmosphere

The Jamaican economy felt the effects of the global slowdown and domestic challenges, resulting in a notable deceleration of growth during 2024. After expanding by an estimated 2.6% in 2023, Jamaica’s real Gross Domestic Product (GDP) essentially stalled in 2024, with output even contracting in the latter part of the year. The Planning Institute of Jamaica (PIOJ) reported back-to-back quarterly



**Kim Robinson, President**

declines – real value added fell by 3.5% year-over-year in the July to September 2024 quarter and by 0.8% in the October to December 2024 quarter. It is important to note that Jamaica’s economic fundamentals remained sound despite the dip in GDP.

## Inflation

Jamaica’s inflation rate subsided significantly in 2024. The Statistical Institute of Jamaica (STATIN) reported 5.0% point-to-point inflation (December 2024 over December 2023), the lowest annual inflation outturn in six years. This marks an improvement from the 6.9% inflation recorded at the end of 2023. Importantly, the 5% inflation rate fell comfortably within the Bank of Jamaica’s target range of 4 - 6%.

## Unemployment

Jamaica’s labour market continued to strengthen, achieving record-low joblessness in 2024. The unemployment rate fell to 3.5% as of October 2024 – the lowest level in the country’s history. This was down from an unemployment rate of about 4.2% a year earlier, reflecting the creation of new jobs and robust labour demand in sectors such as tourism and services.

## Interest Rates

Throughout most of 2024, the Bank of Jamaica (BOJ) maintained a tight monetary policy stance to consolidate the gains in lowering inflation. The BOJ held its policy interest rate at 7% during the first half of the year. By the

second half of 2024, with inflation trending down into the target range, the Central Bank cautiously began to ease monetary policy. In August, the BOJ implemented its first rate cut since 2022, and by November 2024 the policy rate had been reduced to 6.25%. This 0.75 percentage point total reduction reflected the BOJ's confidence that inflation was sustainably under control. The Credit Union welcomes this development, as a lower interest rate environment will benefit our members seeking loans.

### Exchange Rate and Net International Reserves

The Jamaican dollar remained relatively stable against major currencies in 2024, even in the face of global financial market fluctuations. The weighted average selling rate closed 2024 at approximately J\$158 to US\$1, compared to J\$154.95 a year prior.

At the end of December 2024, Jamaica's Net International Reserves (NIR) stood at roughly US\$5.58 billion, up from US\$4.75 billion at the end of 2023.

Jamaica's macroeconomic environment in 2024 was mixed – growth slowed and parts of the economy faced headwinds, but inflation fell to tolerable levels, employment hit record highs, and the nation's financial stability indicators (exchange rate and reserves) were very favourable. This combination of outcomes speaks to the hard-won stability of the Jamaican economy in recent years. As a Credit Union, we acknowledge the impact that the economic atmosphere – both global and local – has on our members. We are encouraged by the low inflation and unemployment, as these translate into better living conditions for you. At the same time, we remain vigilant in the face of economic challenges, ready to support our members through any volatility. Our mandate is to continue empowering you, our members, to thrive financially no matter the economic climate.

### Regulatory Developments

A significant regulatory change on the horizon is the Bank of Jamaica's enhanced oversight of credit unions, which has been in progress for some time and saw important developments in 2024. The Credit Union (Special Provisions) Bill, alongside related amendments to the Cooperative

Societies Act, is the legislative vehicle that will bring credit unions formally under the regulatory supervision of the BOJ and the Minister of Finance. Once enacted, the law will usher in a new era of oversight for the credit union sector. JPS & Partners Cooperative Credit Union welcomes the intent of these regulatory reforms, which align with international best practices and are aimed at strengthening the safety and soundness of the sector. Ultimately, this enhanced oversight is intended to empower and protect you – providing greater confidence in the strength and stability of your Credit Union. We stand ready to meet the new regulatory requirements and view them as an opportunity to further reinforce the solid foundation of JPS & Partners for the benefit of all members.

### Department of Cooperatives and Friendly Societies (DCFS)

Our Credit Union continues to operate in full alignment with all regulatory requirements set forth by the DCFS. We remain committed to upholding the highest standards of governance and accountability.

### Jamaica Cooperative Credit Union League Ltd. (JCCUL)

In accordance with the standards established by the League, all monthly reports, statutory returns, and required dues were submitted promptly and consistently. Our Credit Union remains fully compliant with the directives of the Stabilization Unit and currently holds an active Certificate of Guarantee as confirmation of our compliance.

### Financial Services Commission (FSC)

Our Credit Union maintained full compliance with the Financial Services Commission's requirements, ensuring that all mandated monthly filings and reports were submitted accurately and within the specified timelines.

## THE CREDIT UNION MOVEMENT

The Unaudited Financial performance of the League is indicated below.

The League continues to deliver a wide range of support services, including advocacy, training, and public relations, to all twenty-four (24) Credit Unions.

CREDIT UNION MOVEMENT - PRELIMINARY STATISTICAL INFORMATION (DECEMBER 31, 2024)				
	2024	2023	Annual Growth 2024	Annual Growth 2023
Savings ('000)	154,218,227	139,947,942	10.2%	11.6%
Net Loans ('000)	134,242,660	118,368,818	13.4%	13.2%
Assets ('000)	195,645,653	177,336,571	10.3%	10.5%
Membership	1,064,618	1,030,604	3.3%	2.5%

AccessPlus® Debit Mastercard

The League continues to provide valuable support in maintaining the infrastructure that enables many Credit Unions to offer the AccessPlus® Debit Mastercard to our members. This service has become a reliable and widely used product within our suite of offerings.

JPS & PARTNERS' CREDIT UNION PERFORMANCE

FINANCIAL PERFORMANCE			
	2024 \$M	2023 \$M	Growth (%)
Shares	1,849.22	1,634.86	13.11%
Deposits	2,549.03	2,388.24	6.73%
Loans	4,171.20	3,425.11	21.78%
Total Assets	6,675.54	5,944.27	12.30%
Net Surplus	252.46	74.62	238.32%
Institutional Capital	945.86	907.46	4.23%
Membership	13,364	12,794	4.46%

The Credit Union demonstrated remarkable financial resilience and strategic agility in 2024, recording growth across all key performance indicators. Our 2024 performance reflects not only continued momentum from 2023 but also the successful implementation of new, member- focused loan products and promotional campaigns, including the Olympic Loan and the Pensioners Loan.

Assets

Total assets grew by 12.30%, moving from \$5,944.27M in 2023 to \$6,675.54M in 2024. This significant increase continues our upward trajectory seen over the past decade and reflects a well-managed balance sheet driven by loan expansion and increased member activity. The Credit Union’s consistent asset growth reaffirms the confidence of members and the prudent financial stewardship of the management team.

Loans

The loan portfolio rose by an impressive 21.78%, increasing from \$3,425.11M to \$4,171.20M. This is the second consecutive year of growth exceeding 20%, pointing to strategic success in several areas:

- Launch of new products such as the Olympic Loan celebrating Jamaica’s athletes;
- Enhanced terms on motor vehicle loans;

- Increased limits on unsecured loan facilities
- Strategic risk-based lending

The Credit Union introduced the Pensioners Loan, designed to meet the unique financial needs of older members. Attractive terms were also added to the mortgage and home equity offerings. This continued emphasis on diverse, responsive loan offerings is expected to sustain portfolio growth into 2025.

Shares and Deposits

Member share capital saw robust growth of 13.11%, moving from \$1,634.86M in 2023 to \$1,849.22M in 2024. Deposits also increased by 6.73%, reaching \$2,549.03M. These gains were fueled by:

- Increased member engagement through digital and traditional promotions.
- Compulsory savings tied to loan products.
- Member confidence in the Credit Union’s safety, security, and member-first focus.

Continued development of innovative savings products and greater access through digital platforms will be key to deepening member financial activity.

Net Surplus

Net surplus experienced exponential growth, rising by 238.32% from \$74.62M in 2023 to \$252.46M in 2024. This remarkable increase can be attributed to:

- Growth in the loan book and associated interest income.
- Enhanced operational efficiency and cost management.
- Greater returns on investments and higher loan repayment rates.

This surplus provides a strong foundation for future member dividends, reserves, and reinvestment in technology and services.

Institutional Capital

INSTITUTIONAL CAPITAL		
Institutional Capital	2024	2023
	\$945.86M	\$907.46M

Institutional capital rose by 4.23% to \$945.86M, from \$907.46M in 2023. This represents approximately 14.17% of total assets, nearly doubling the PEARLS standard of 8%,

indicating excellent capitalization and long-term sustainability. The continued strengthening of this reserve positions the Credit Union well for risk mitigation and future growth.

Membership

Membership grew by 4.46%, from 12,794 to 13,364 members. While still shy of the PEARLS benchmark of 5%, this represents accelerated growth compared to 2023 (3.72%). Strategic marketing and targeting are expected to further close the gap to the PEARLS standard for 2025.

Delinquency Control

DELINQUENCY CONTROL			
Delinquency Control	2024	2023	Target for 2024
	1.38%	1.28%	<3%

The Credit Union maintained its disciplined approach to credit management, with delinquency at 1.38%, still significantly below the industry benchmark of 5% and under the internal cap of <3%. This reflects:

- Strong loan vetting processes.
- Effective credit risk monitoring.
- Continuous member engagement to support repayment.

Efforts to further reduce delinquency include loan restructuring support and increased borrower education.

The Credit Union’s financial performance in 2024 demonstrates not only strength but a deepening of our mission to serve and empower members. Every key metric - assets, loans, surplus, membership - saw double-digit or near-benchmark growth. Looking ahead, the focus remains on sustaining this momentum through innovative product offerings, strategic partnerships, and continuous improvement in service delivery.

ATTRACTIVE PRODUCT OFFERINGS

Loan Products

The Credit Union remains committed to delivering a comprehensive range of innovative lending solutions designed to support the diverse and evolving needs of our members. We offer both secured and unsecured loan options at competitive interest rates, empowering members to pursue their goals - whether personal, professional, or financial - in a warm, member-focused environment. With a team dedicated to providing a

supportive and personalized borrowing experience, we continue to live our promise of being Your Financial Partner For Life.

Savings Products

Among our suite of savings products, several standout options continue to make a meaningful difference in our members’ lives. The Fixed Deposit Account offers fixed interest rates over 30, 60, or 90 days, making it an ideal short-term investment tool for steady returns. The U-Gain Savers Account is tailored for long-term goals like starting a business or purchasing a home, combining competitive interest rates with built-in insurance at no extra cost. For members focused on short-term targets, the Partner Plan allows flexible contributions - weekly, fortnightly, or monthly - providing structure and support along their savings journey.

Members’ Insurance Plans

As part of our commitment to supporting members’ overall well-being, we offer access to valuable insurance solutions tailored to their needs. Through the Family Indemnity Plan, provided through CUNA Caribbean Insurance Jamaica, members can choose from eleven (11) coverage options to suit their financial situation - protecting themselves and up to five family members under one affordable monthly premium. In partnership with Caribbean Assurance Brokers Limited, we also offer access to the Canopy Gold Series Health Plan, which provides up to \$6 million in major medical coverage, along with life and personal accident insurance of up to \$1 million each. These offerings are just a few examples of how we help members safeguard their financial and personal security.

RISK MANAGEMENT

Regulatory Compliance

Regulatory compliance and risk management encompass the obligations and standards established by our Regulators and the Board of Directors, which the Credit Union is required to implement and uphold. In an increasingly complex and technologically advanced environment, where new risks continue to emerge, maintaining rigorous oversight and protective measures for our assets and data integrity is more critical than ever. This commitment reinforces the trust our valued members place in us as their lifelong financial partner, assured that prudent and informed decisions are consistently being made.

To support this mandate, the Credit Union has established a Risk and Compliance Committee, comprising Board members, volunteers, and staff. This Committee provides strategic direction and oversight in risk management, reviewing and evaluating the policies, procedures, and systems recommended by management to safeguard the organization. It plays a key role in identifying risks, mitigating exposures, and ensuring that risk controls remain robust and are updated regularly to maintain effectiveness.

The Committee also plays a pivotal role in preparing the Credit Union for upcoming supervision under the Bank of Jamaica and continues to prioritize the strengthening of internal controls. The Credit Union remains committed to not only meeting but exceeding regulatory expectations. We actively pursue continuous improvement, enabling management to make timely and informed enhancements to our operational model to better serve our members.

### **Enterprise Risk Management**

Enterprise Risk Management (ERM) is an integrated, structured, and proactive framework for identifying, assessing, and overseeing risks across the Credit Union. It involves reviewing both internal and external reports to ensure the achievement of strategic goals and maintain ongoing financial stability. To cover all significant risks, the Credit Union maintains a Risk Register that tracks key risk areas across all branches and departments.

Over the course of the year, management documented and implemented measures to effectively mitigate these risks. Internal audit functions are outsourced, with audits conducted monthly at the head office and every two months at branch locations. Audit reports are submitted to the Board as well as the Supervisory and Risk and Compliance Committees for review. Recommendations from these audits are discussed and implemented as needed to strengthen the Credit Union's operations.

### **AML/CFT Compliance**

The Credit Union remained in full adherence to all applicable Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) laws. All required AML/CFT reports were submitted promptly and in accordance with regulatory expectations. The implementation of transaction monitoring software has streamlined this essential function, allowing the Credit Union to effectively monitor member transactions. This system supports compliance with Suspicious Transaction Monitoring, Threshold Transaction Reporting, and Know Your

Customer (KYC) requirements, as set out in the Proceeds of Crime Act.

### **Data Protection**

The Data Protection Act came into full effect in 2023. As a responsible and forward-thinking institution, JPS & Partners Co-operative Credit Union Limited acknowledges, at the highest levels of leadership, the importance of complying with data protection legislation. In our role as a data controller, we have implemented robust measures to safeguard the personal data of our members, employees, and other stakeholders, ensuring that all data is processed lawfully, fairly, transparently, and in full accordance with legal requirements.

In alignment with these efforts, the Credit Union appointed a Data Protection Officer in 2024 to lead its data privacy initiatives. This appointment has been instrumental in advancing compliance with the Data Protection Act and strengthening the organization's data governance framework.

We encourage you to visit our website to review our Privacy Notice, which outlines how we collect, use, and manage personal information. This includes data provided during transactions, completion of forms or documentation, use of our website, subscription to newsletters and emails, participation in surveys, and engagement with our products, services, and other initiatives.

### **Member engagement and Risk Awareness Initiatives**

As part of our ongoing commitment to stakeholder engagement and risk awareness, the Credit Union introduced a Legal and Risk Corner during Customer Appreciation Week 2024, creating a space for interactive, educational discussions with members. To enhance these conversations, we developed a user-friendly pamphlet highlighting critical topics such as fraud prevention, data protection, and other emerging risks. This initiative reflects our belief that risk education should extend beyond internal processes, equipping members with the knowledge to protect themselves while reinforcing the Credit Union's proactive approach to an evolving risk landscape.

## **THE HEART OF OUR SUCCESS**

Throughout 2024, the dedicated and professional team at JPS & Partners Co-operative Credit Union remained steadfast in delivering exceptional service to our valued members. Our staff consistently upheld the Credit Union's

core values and standards, working collaboratively to help members achieve their financial goals and secure brighter futures.

To support the ongoing growth and competence of our workforce, team members participated in a wide array of training and developmental courses. These included seminars, webinars, and workshops facilitated by the League and other training organizations. Staff also engaged in informative sessions covering our health insurance and pension plans, helping them to make well-informed decisions as they prepare for retirement.

In compliance with industry regulations, all staff successfully completed six (6) mandatory examinations under the Proceeds of Crime Act (POCA), the Anti-Money Laundering Act, and the Terrorism Prevention Act via the CPD Online platform.

Staff engagement and morale saw marked improvement in 2024. Quarterly fun game evenings, Healthy Shakes Day, and tokens to celebrate Valentine’s Day, Mother’s Day, and Father’s Day were among the many initiatives aimed at fostering camaraderie. In observance of Jamaica’s Independence, the team was treated to traditional healthy Jamaican delicacy. The highlight of our engagement calendar was the annual team-building retreat held from October 18–21 at the Ocean Coral Spring Resort. Leading up to the weekend the staff participated in several team competitions including trivia quizzes on Credit Union history, products, and services. To end this segment there was as a lively and fun-filled sports day.

Our team also demonstrated their social responsibility by participating in the annual ICWI Pink Run in October 2024, representing the Credit Union in showing solidarity in the fight against breast cancer.

In November, the Credit Union proudly recognized long-serving team members for their outstanding contributions, ranging from 10 to 40 years of service. We also extended heartfelt thanks to our dedicated volunteers on the Board and various committees. This appreciation ceremony, held at the AC Hotel in Kingston, was well-received by honourees.

We bid fond farewell to our General Manager, who retired after 20 years of exemplary service, and to the Ewarton Branch Manager, who also retired during the year. Their commitment and leadership will be remembered with gratitude. Additionally, five (5) team members resigned in 2024. While their presence is missed, we wish them continued success in their future endeavours.

To support our ongoing operations and growth, nine (9) new staff members were welcomed to the team during the year. We are confident they will thrive in our environment and contribute meaningfully to the continued success of the Credit Union.

Staff Complement as at December 2024:

CATEGORY	NUMBER
Permanent - Management	8
Permanent - Line Staff	23
Contract	13
HEART Trainees	3

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The year 2024 has been a testament to our strategic pursuit of digital transformation, operational excellence, and member empowerment. The ICT Department has delivered bold advancements that not only elevate service standards but enrich the everyday experiences of those we serve.

Technology has remained a central pillar in delivering superior member experiences. Key advancements in 2024 include:

- The organization-wide rollout of Microsoft 365, which promoted a more collaborative environment, including Microsoft Teams for cross-functional virtual meetings; SharePoint for real-time access to centralized reports and knowledge resources; OneDrive for collaborative document editing, version control, and secure cloud-based storage.
- Deployment of our upgraded online banking solution across Android and iOS platforms, integrating enhanced security, and seamless navigation for a frictionless user journey.
- Upgrade of core IT infrastructure, including enhanced network security layers and performance. This investment lays the groundwork for higher service availability, faster system response times, and stronger protection against digital threats.
- Enhanced cybersecurity protocols through real-time threat monitoring and updated firewall configurations, substantially reducing our exposure to cyber threats.
- Optimized VPN access for staff to ensure secure system login from any location, promoting safe and flexible work environments.

- Upgraded data encryption standards and backups, ensuring that member information is always protected, recoverable, and securely managed in compliance with global data protection norms.

These initiatives have revolutionized how we work, reducing delays, improving transparency, and ultimately ensuring members receive timely, accurate, and informed service.

BOARD GOVERNANCE AND OVERSIGHT

Our Credit Union continues to benefit from the leadership and commitment of a dynamic team of nine (9) volunteer Board members. These individuals, supported by a network of statutory and specialized committees, provide robust oversight and strategic direction to ensure our continued growth and stability.

In 2024, the Board maintained seven (7) active committees to support its governance responsibilities. These are:

- Finance & Planning** (inclusive of a Delinquency sub-committee)
- Human Resource**
- Information Technology**
- Risk & Compliance**
- Member Services**
- Infrastructure**
- Merger**

Each committee is chaired by a current Board Director and focuses on key areas critical to the Credit Union's success.

All Board members and volunteers are held to the highest standards of accountability. They are required to annually sign the Credit Union's Code of Ethics, Conflict of Interest, and Confidentiality Agreements, in addition to meeting established Fit and Proper criteria. To ensure continuous improvement and effective governance, each member also completes an annual Board Evaluation Questionnaire.

We are committed to maintaining a strong culture of compliance and risk awareness. Accordingly, Board members and volunteers receive annual training in Risk Management and the Proceeds of Crime Act (POCA), reinforcing our commitment to ethical and regulatory standards.

The Board provides disciplined oversight and strategic guidance through monthly meetings and additional sessions as needed. In close collaboration with management, it approves major expenditures, endorses budgets, sets policies for compliance, defines strategic objectives, and monitors performance, ensuring the sustainable growth of the Credit Union.

2024 BOARD MEETING ATTENDANCE

In 2024, a total of sixteen (16) board meetings were held. The attendance of directors at these meetings for the period January 2024 to December 2024 are detailed below:

ATTENDANCE				
Directors	Position	Possible	Actual	Excused
Kim Robinson	President	16	14	2
David Fleming	Vice President	16	15	1
Natalie Sparkes	Treasurer	16	16	-
Patrick Davidson	Asst. Treasurer	16	16	-
Sheryll Brown	Secretary (effective July 2024)	8	8	-
Timain Campbell	Director	16	16	-
Donovan Cunningham	Director	8	8	-
Paulstan Francis	Director	16	14	2
Winston Delahaye	Director (effective July 2024)	8	8	-
Tricia Robinson	Secretary (demitted office July 2024)	8	8	-
Clive Segree	Asst. Secretary (demitted office July 2024)	8	6	2
Devon Wright	Director (demitted office July 2024)	8	7	1

## INVESTING IN OUR MEMBERS, STRENGTHENING OUR COMMUNITIES

JPS & Partners remains deeply committed to member growth and empowerment through meaningful investments in education, health, community development, and appreciation initiatives. Our long-standing scholarship and bursary programme, with an annual allocation exceeding \$3.5 million, supports members and their families at all educational levels. The Care-A-Bit Fund continues to offer vital relief to those facing serious illnesses, disasters, or hardship. Beyond our membership, we extend support to charitable organizations and partner schools across the communities we serve. We also celebrated Credit Union Month with Member Appreciation Days, featuring wellness checks, small business pop-ups, legal support, and tokens of gratitude—fostering stronger connections and uplifting our member community.

## THE WAY FORWARD

As we navigate an increasingly complex financial landscape shaped by evolving regulatory requirements, digital disruption, and shifting member expectations, our Credit Union remains firmly focused on future-readiness. 2024 has been a pivotal year of investment in infrastructure, innovation, and member experience, all underpinned by a strong financial performance and sound governance.

Looking ahead, our strategic priorities are centred around deepening operational efficiency, broadening access, and strengthening relationships with both existing and prospective members. We are building a stronger, more agile institution - one capable of delivering faster, more personalized service through secure and modernized platforms.

Key initiatives for 2025 include:

- **Modernizing our IT infrastructure:** We are upgrading core servers to enhance system scalability, increase uptime, and create a more secure and flexible digital environment that supports seamless service delivery.
- **Implementing a Document Management System (DMS):** This system will digitize and centralize member records, enabling faster access, improved accuracy, and heightened compliance with data privacy regulations.
- **Automating key operational workflows:** From loan processing and document verification to member notifications, these upgrades will significantly reduce

turnaround times and elevate the overall member experience.

- **Strengthening our digital presence:** By deepening engagement on social media platforms, we aim to amplify brand visibility and better connect with members where they are - digitally and socially.
- **Full-scale re-opening of our Ocean Boulevard Branch:** This location will serve as a convenient hub in the Downtown area, for member engagement, offering expanded services in a more accessible space.
- **Growing our member base:** We are focused on expanding membership within our current partner network, while also forging new alliances with companies aligned to our values and mission.
- **Upholding governance excellence:** Our commitment to robust governance, risk management, and regulatory compliance continues to be a cornerstone of our operations.
- **Re-packaging our product suite:** We are refining and refreshing existing offerings to better meet the evolving needs of our members and enhance overall portfolio performance.
- **Elevating financial literacy:** Member education remains a key priority, as we increase awareness and understanding of the full range of services and benefits we provide.
- **Fostering a high-performance culture:** Through ongoing training, leadership development, and employee engagement, we continue to invest in our most valuable asset – our people.

With a clear strategic roadmap and a member-first approach, your Credit Union is well-positioned to drive sustainable growth, embrace innovation, and remain relevant in an ever-changing financial ecosystem.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I extend heartfelt appreciation to you, our loyal members, for your steadfast support, trust, and belief in the mission of your Credit Union. Your continued engagement is the foundation of our success.

We give thanks to the Lord for His continued blessings, guidance, and provision throughout another successful year of service.

We are deeply grateful to the many individuals and organizations whose contributions have made a meaningful impact on our operations in 2024:

- Our management team and staff, whose dedication, professionalism, and commitment to service excellence continue to drive the Credit Union forward.
- Our valued corporate partners. Your partnership remains a cornerstone of our growth and innovation.
- Our dedicated volunteers, committee members, and location representatives - thank you for your tireless contributions, support, and unwavering commitment to the Credit Union's mission and outreach.
- Special thanks to our oversight and support entities whose role in safeguarding our integrity and performance is invaluable:
  - The Jamaica Cooperative Credit Union League (JCCUL), Quality Network Cooperative Limited (QNET), CUNA Caribbean Insurance Jamaica Ltd. (CUNA), Jamaica Cooperative Insurance Agency

(JCIA), and the Department of Cooperatives and Friendly Societies (DCFS).

- We also acknowledge with thanks our external and internal auditors - BDO Chartered Accountants and Dawgen Global, respectively; as well as our legal partners, Samuda & Johnson and Richards & Richards, for their expert guidance and continued counsel.

To each stakeholder, partner, and supporter, thank you for being part of our journey. Your involvement has been instrumental in helping us serve our members with excellence year after year.

As we forge ahead, our mission remains resolute: to **Empower Members** and **Enhance Lives**.



**Kim Robinson**  
President



## Our Directors



**KIM ROBINSON**  
President



**DAVID FLEMING**  
Vice President



**NATALIE SPARKES**  
Treasurer



**PATRICK DAVIDSON**  
Asst. Treasurer



**SHERYLL BROWN**  
Secretary



**TIMAIN CAMPBELL**  
Director



**DONOVAN CUNNINGHAM**  
Director



**PAULSTAN FRANCIS**  
Director



**WINSTON DELAHAYE**  
Director

## 2024 Highlights



*JPS & Partners Cooperative Credit Union's 2024 Scholarship and Bursary recipients beam with pride at the 2024 Scholarship Awards Luncheon held on August 27, 2024 at the Jamaica Pegasus. Supporters within the group include the JPS & Partners Team, Evan Thompson, Principal Director, Meteorological Service of Jamaica and Jennifer Williams, Principal, The Queens School.*



*Joydene Jarrett expresses her thanks and bids farewell at the special ceremony held in her honour in October 2024 at the Terra Nova Hotel.*



*Legal, Risk & Compliance Manager Nassalie Brown shares Risk Tips with Members at the Legal Corner during 2024 Member Appreciation Activities in October.*



*Then Acting General Manager Chad La Ronde (left) and Director Paulstan Francis (right) cut the cake with members during Member Appreciation in October.*



*Peter Allen gives a heartfelt reply on behalf of all recipients at the Long Service Awards held in November 2024 at the AC Marriott Hotel. He was honoured for his 25 years of service to the Credit Union.*

# Honouring Joydene Jarrett

## *A Remarkable Journey*



*“For we are God’s handiwork, created in Christ Jesus to do good works, which God prepared in advance for us to do.” Ephesians 2:10*

### GRACEFUL ● SOPHISTICATED ● THOROUGH ● DILIGENT ● TENACIOUS

We proudly recognize and applaud Joydene Jarrett for her distinguished and faithful service to JPS & Partners Co-operative Credit Union Limited. Having joined the organization as a Credit Officer in January 2004, Joydene was promoted to the position of General Manager in October 2005, a role in which she served with unwavering commitment until her retirement in June 2024. Throughout her two decades of service, Joydene consistently demonstrated exceptional leadership, unmatched professionalism, and a deep understanding of the Credit Union’s operations.

Her mastery across departments, coupled with her strategic insight, positioned her to steer the Credit Union toward remarkable growth - transforming it into a multi-billion-dollar institution and a beacon of excellence in the sector. Her thorough approach to every task, sharp attention to detail, and unwavering commitment became hallmarks of her leadership. Joydene’s love for the Credit Union was evident in every decision she made and every initiative she championed. Her achievements are a testament to her

strength of character, steadfast diligence, and relentless pursuit of excellence.

It is no coincidence that the Credit Union she served with such passion was honoured with prestigious awards, including the 2023 Paul Thompson Credit Union of the Year and the inaugural 2023 Lorrel Bruce Trophy for Service Excellence. These accolades reflect the outstanding legacy she leaves behind and the significant impact of her leadership.

As she embarks on a new chapter, we are confident that whatever Joydene sets her heart and mind to will reflect the same excellence, integrity, and grace that have defined her career. May she find joy, fulfillment, and abundant blessings in the journey ahead, and in all the great things God will continue to do in and through her life.



## The Treasurer's Report

### For the Year ended December 31, 2024

*It is my honour to present the Treasurer's Report for the year ended December 31, 2024, to this 70th Annual General Meeting of the JPS and Partners Co-operative Credit Union Limited (JPS&PCU).*



**NATALIE SPARKES, Treasurer**

### ECONOMIC OVERVIEW

The Jamaican economy experienced both growth and setbacks throughout 2024. The year began with a positive start, as GDP increased by 1.4% in the first quarter compared to the same period in 2023. This was largely due to the growth in both the Services and Goods Producing Industries, which grew by 1.3% and 1.95% respectively.

In July of the third quarter, Hurricane Beryl made its way across a portion of Jamaica severely impacting industries such as Agriculture, Forestry & Fishing and Mining & Quarrying. This led to a 3.5% decline in GDP, the country's first economic contraction since the height of the COVID-19 Pandemic in early 2021. The economy experienced a further decrease in the fourth quarter resulting from the passage of Tropical Storm Rafael and the residual effects of Hurricane Beryl. The Jamaican Dollar depreciated by 1.4% on average against the US dollar, while inflation remained within the BOJ's target band of 4% - 6% throughout the majority of 2024.

Amid the economic backdrop, JPS&PCU delivered a strong financial performance. Total Assets grew by 12.31%, to record \$6.68B in 2024 from \$5.94B in 2023. The growth was underpinned by a 21.78% increase in our loans portfolio which was fueled by targeted loan promotions and an expanded range of products to meet our members' needs.

The Credit union remains focused on its mission to support its members at every stage of their financial journey. I am confident that with continued sound management, strong member engagement, and a commitment to service, the Credit Union will continue to grow and thrive.

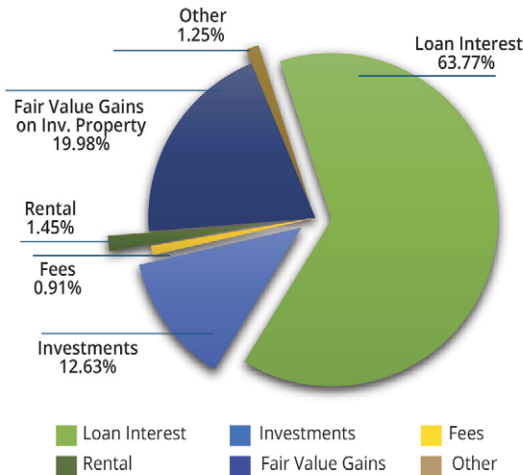
The Financial performance of the Credit Union over the past five (5) years is outlined in the table below.

FIVE (5) YEAR FINANCIAL PERFORMANCE					
Statement of Financial Position	2024 \$M	2023 \$M	2022 \$M	2021 \$M	2020 \$M
Shares	1,849.22	1,634.86	1,526.72	1,481.42	1,418.38
Deposits	2,549.03	2,388.24	2,271.09	2,234.28	2,094.08
Loans	4,171.20	3,425.11	2,835.54	2,694.24	2,740.00
Total Assets	6,675.54	5,944.27	5,602.69	5,511.78	5,155.28
Institutional Capital	945.86	907.46	882.41	861.44	814.4

## REVENUE

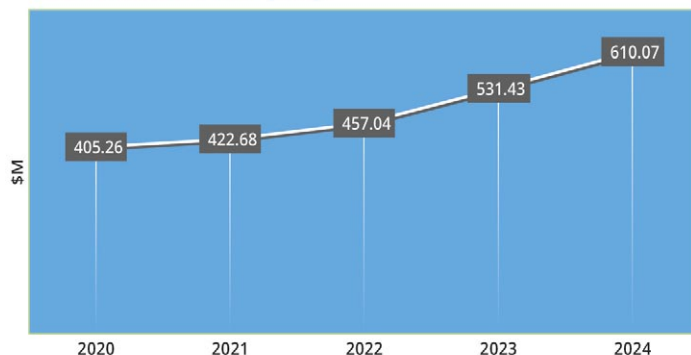
Total Income increased by 45.13% to \$798.53M compared to Income in 2023 of \$550.21M. This growth was due to two main factors a recognized gains from the revaluation of our Investment Properties, which represented a 19.98% of Total Income. Also a 63.77% increase in interest income as a result of the expansion of our Loans Portfolio contributed significantly to the overall increase.

### REVENUE SOURCES 2024



Loan Interest Income has shown consistent growth since 2020. Thanks to our team's continued innovation and strategic efforts, we have successfully maintained this upward trajectory for the past four years. Through various loan promotions, we have increased loan interest income by 51% from 2020 to 2024, aligning with the overall expansion of our Loans Portfolio.

### INTEREST INCOME (\$M)



In 2024 alone, the portfolio grew by 21.78%, reflecting the success of several key initiatives. These included the launch of new products such as the Olympic Loan, created to celebrate Jamaica's athletes, enhanced terms for motor vehicle loans, increased limits on unsecured loan facilities,

and the implementation of strategic risk-based lending practices.

The Credit Union also introduced the Pensioners Loan as requested by our membership, designed to meet the unique financial needs of older members. Attractive terms were also added to the mortgage and home equity offerings. This continued emphasis on diverse, responsive loan offerings is expected to sustain portfolio growth into 2025.

## EXPENSES

Overall expenses increased while the credit union continued its efforts to contain cost and maximize efficiency in all areas of operations. The ratio of expenses as a percentage of gross income remained at approximately 68%.

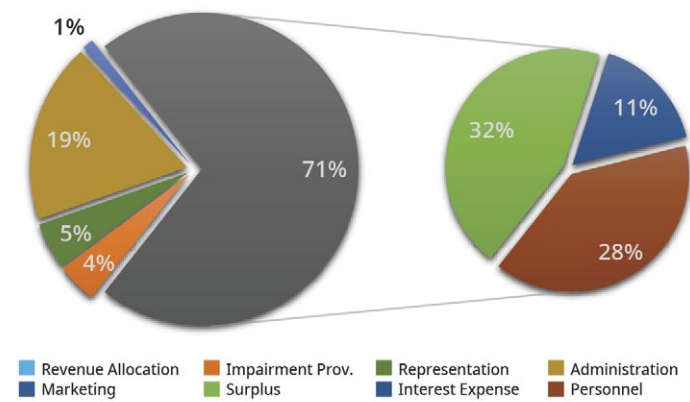
- **Interest Expense increased** by \$4.26M or 6.14% compared to the increase in 2023 of \$5.99M or 9.44% over 2022. Interest expense on savings deposits increased by \$2.30M or 4.73% as the credit union maintained interest rates to members despite the BOJ policy rate being at 6.0% in 2024. The increase in interest expense can also be attributed to the 6.73% increase in members' savings deposits. This growth in savings was mainly attributable to members commitment to saving with the credit union resulted in an overall increase in Special Deposit savings.
- **Operating Expenses** increased by \$45.89M or by 12.23% moving from \$375.31M in 2023 to \$421.20M in 2024. Operations expenses in the following areas mainly accounted for the increase:
- **Administrative Expenses** increased by \$7.25M or from \$141.15M in 2023 to \$148.41M in 2024 or by 5.14%. This increase is based on general inflationary increase in expenses, particularly the increase in minimum wage and terms of employment for security staff.
- **Personnel Expenses** increased by \$31.20M from \$193.86M in 2023 to \$225.05M in 2024. This 16.09% increase was due to regular salary increase, staff benefits and ex gratia payment
- **Representation and Affiliation Expenses** saw an increase of approximately 10.64% moving from \$35.021M to \$38.75M.

## ALLOCATION OF REVENUE

The chart below indicates how our revenue was utilized:

- 4% for Impairment Provisioning
- 1% for Marketing,
- 5% for Representational costs,
- 11% for Interest Expense,
- 19% for Administration
- 28% for Personnel costs, and
- 32% remaining as Surplus.

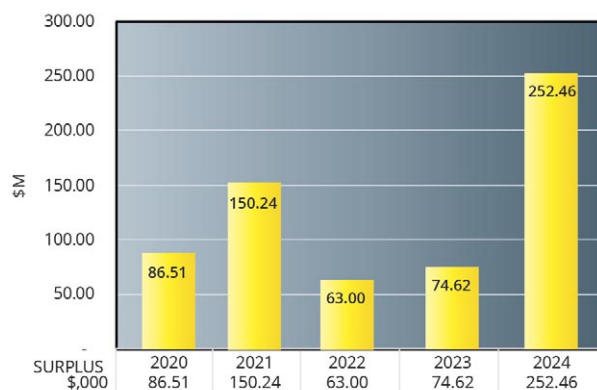
### REVENUE ALLOCATION 2024



## SURPLUS

Surplus before honorarium of \$252.46M was achieved. This performance is reflecting an increase of 238.33% or \$177.84M above the \$74.62M reported in the prior year. This man driver of this increase was from an extra ordinary income from fair value gains on investment property of \$159.56M.

### SURPLUS \$M



With the required 20% or \$50.49M transfer to Statutory Reserves, and \$152.62M slated to be transferred to Revaluation Reserve, approximately \$47.38M will be available for distribution.

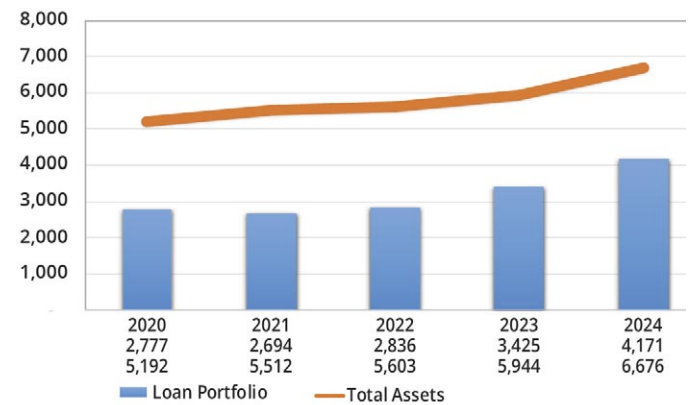
## BALANCE SHEET

Total Assets increased by \$731.27M or 12.30% moving from \$5.944B in 2023 to \$6.68B in 2024

The loan portfolio balance recorded an increase for 2024. The portfolio balance stood at \$4.17B in comparison to \$3.43B in 2023.

The graph below highlights the Loans and Total Assets for the five year period - 2020 to 2024.

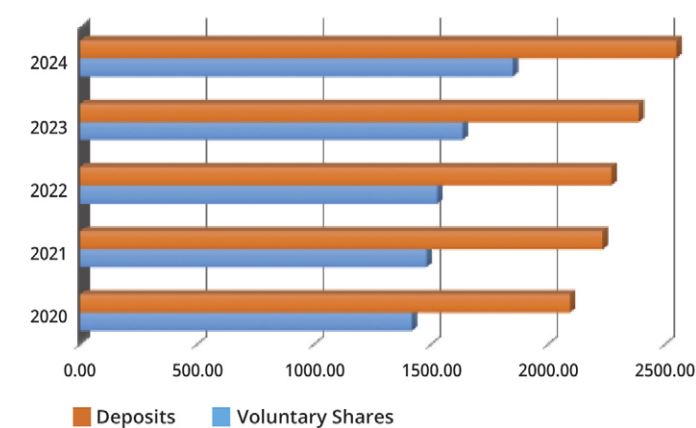
### LOAN PORTFOLIO & TOTAL ASSETS



## MEMBERS' SHARES AND DEPOSITS

At the end of the year, the savings portfolio of \$4.40B was \$375.16M higher than the \$4.02B reported for 2023. The contributing factors for the growth in the members' shares and deposits portfolios were due to the:

### MEMBERS' DEPOSITS (\$B)



## LOANS DELINQUENCY

The loan delinquency ratio for 2024 was 1.38% of the loans portfolio .This ratio remains well within the benchmark of 5%.

## PEARLS RATIO ANALYSIS

The Jamaica Co-operative Credit Union League Limited (JCCUL) continues to monitor our performance against International Credit Union Industry financial benchmark standards, for safety and soundness using the PEARLS ratio.

The results for the past five (5) years are referenced in the Table below.

## ACKNOWLEDGEMENTS

In closing, I give thanks to God for His continued guidance and protection during the year and the many blessings He has bestowed on our Credit Union. The Treasury thanks and commends the Management and Staff for their hard

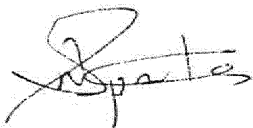
work and dedication towards the continued success of the Credit Union.

I thank my fellow members of the Board of Directors and the credit union members, for having given me the opportunity to serve as your Treasurer over the past years. It has been an honor and a privilege to function in that capacity. Thank you, our members, for the continued business and support that you have given to your Credit Union, and entrusting your confidence in us, the Board of Directors and Management, in serving you and we hope to continue to be deserving of your confidence.

To all the stakeholders including the JCCUL, Department of Friendly and Cooperative Societies, BOJ and volunteers, thank you for your support throughout the year.

I also like to thank both the Internal Auditors - Dawgen Global and our External Auditors – BDO Chartered Accountants for their professionalism throughout the year.

PEARLS Ratios	Standard	2024	2023	2022	2021	2020*
	%	%	%	%	%	%
Net Loans /Total Assets	60-80	62.48	57.62	50.61	48.88	53.15
Savings Deposits/Total Assets	70-80	65.89	67.68	67.79	67.41	68.17
Institutional Capital/Total Assets (C)	>=10	4.17	15.27	15.75	15.63	15.80
Total Delinquency/Gross Loans Portfolio	<=5	1.38	1.29	1.80	1.45	1.90
Operating Expense/Average Assets	<=8	6.68	6.50	5.89	5.55	5.72
Gross Margin/Average Assets	*C>=10	10.68	7.71	6.77	6.66	6.56
Non - Earning Liquid Assets/Total Assets	<1	1.10	0.50	1.52	1.29	1.23



**Natalie Sparkes**  
Treasurer

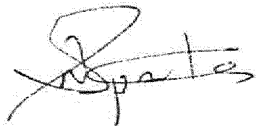
**INCOME & EXPENDITURE**

	2024	2023	GROWTH/ REDUCTION	PERCENTAGE CHANGE
	\$	\$	\$	%
<b>OUR INCOME WAS EARNED FROM</b>				
INTEREST ON MEMBERS' LOANS	509,214,584	399,893,875	109,320,709	27%
INTEREST ON INVESTMENT	100,857,625	131,539,617	(30,681,992)	-23%
FAIR VALUE GAINS ON INVESTMENT PROPERTY	159,557,735	0	159,557,735	NA
OTHER INCOME	28,901,625	18,774,805	10,126,820	54%
	<b>798,531,569</b>	<b>550,208,297</b>	<b>248,323,272</b>	
<b>OUR COSTS TO OPERATE THE CREDIT UNION WERE:</b>				
INTEREST ON MEMBERS' SAVINGS	73,667,347	69,403,882	4,263,465	6.14%
OTHER FINANCIAL COSTS	18,079,166	17,070,551	1,008,615	6%
REPRESENTATION & AFFILIATION	38,749,246	35,021,340	3,727,906	11%
ADMINISTRATION	148,405,841	141,153,277	7,252,564	5%
PROVISION FOR IMPAIRMENT	33,131,285	13,807,547	19,323,738	140%
PERSONNEL	225,054,579	193,857,840	31,196,739	16%
MARKETING & PROMOTIONS	8,986,496	5,275,128	3,711,368	70%
	<b>546,073,960</b>	<b>475,589,565</b>	<b>70,484,395</b>	15%
<b>LEAVING A BALANCE BEFORE HONORARIUM</b>	252,457,609	74,618,732	177,838,877	238.33%
<b>FROM WHICH WE SET ASIDE</b>				
20% STATUTORY RESERVE	50,491,522	14,367,545	36,123,977	251%
TRANSFER TO REVALUATION RESERVE - REVALUE GAIN ON PROPERTY	152,623,441	0	152,623,441	NA
TRANSFER TO RETIREMENT BENEFIT RESERVE	1,960,000	2,781,000	(821,000)	-30%
UNDISTRIBUTED HONORARIUM	0	4,400,000	(4,400,000)	NA
<b>NET SURPLUS REMAINING</b>	<b>47,382,646</b>	<b>53,070,187</b>	<b>(10,087,541)</b>	-19%

## Appropriation of 2024 Surplus

The Board of Directors is making the following recommendation to the Meeting with respect to the appropriation of the 2024 Surplus.

PROPOSED SURPLUS DISTRIBUTION	
	\$
<b>Net Surplus</b>	<b>252,457,609</b>
Transfer 20% to Statutory Reserve	(50,491,522)
Pension Adjustment	(1,960,000)
Revaluation Reserve	(152,623,441)
<b>Net Surplus Before Distribution</b>	<b>47,382,646</b>
<b>Proposed Distribution</b>	
Dividend on Permanent Shares 10%	8,600,000
Patronage refund (2%) Life Long savers	6,835,764
Institutional Capital	9,946,882
Business Re-Organization	4,000,000
Honorarium	5,000,000
Scholarship/Outreach Reserve	4,000,000
Infrastructure Upgrades and Development	9,000,000
<b>Sum of Proposed Distribution</b>	<b>47,382,646</b>



Natalie Sparkes  
Treasurer

# Resolution

## Fixing of Current Maximum Liability

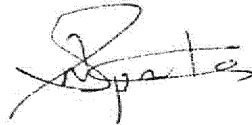
**WHEREAS** Credit Unions are required to obtain the approval of the General Meeting for the maximum liability they may incur in voluntary shares, loans and deposits and whereas the current limit approved by the last General Meeting was for this Board to borrow up to an amount not exceeding a ratio of sixteen (16) times of the Society's capital and reserve fund;

**WHEREAS** the Board of Directors is satisfied that the present functions of the JPS and Partners Co-operative Credit Union can be discharged within the limit of sixteen (16) times previously established;

**BE IT RESOLVED THAT** The Board of Directors may incur a liability in voluntary shares, deposits and/or loans from

any source on such terms of payment or security provided that the total liability shall not exceed a ratio of sixteen (16) times of the Society's capital and reserve fund.

For and on Behalf of the Board of Directors



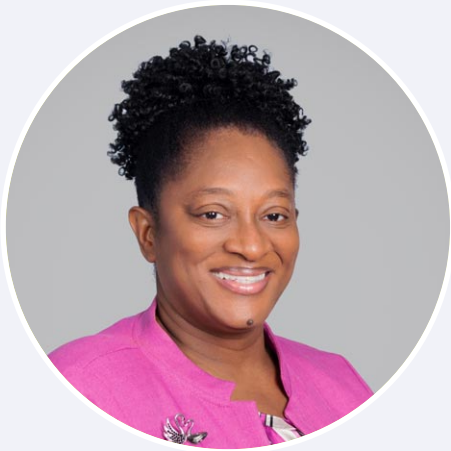
**Natalie Sparkes**  
Treasurer



## Our Managers



**CHAD La RONDE**  
General Manager



**JUDITH UMRAH**  
Human Resource Manager



**CHAD WAUCHOPE**  
Acting Credit Manager



**CAMILLE ARCHIBALD**  
Business Development Manager



**KARLEEN BROWN**  
ICT Manager



**NASSALIE BROWN**  
Legal R&C Manager



**MAXINE THOMPSON**  
Finance & Treasury Manager



**DAVID GOODLITT**  
Operations Manager



**SONIA ROBINSON**  
Acting Branch Supervisor, Ewarton



**MARIE YOUNG-MCNAMEEE**  
Branch Supervisor, Kirkvine

## Our Team Members - Head Office



**PETER ALLEN**  
Credit Officer



**MARCIA LEWIS**  
Credit Officer



**SHARON WALKER**  
Credit Officer



**DAMARLEY FACEY**  
Delinquency Officer



**CASHEDA MILLER**  
Securities Officer



**MICHELLE BARNETT**  
Human Resource Officer



**MARK CAMPBELL**  
IT Administrator



**CHAVEZ WILLIAMS**  
IT Administrator



**SUEANN HARTLEY**  
Marketing Officer



**SUBRENA MORRISON**  
Accountant Supervisor



**RAHEEM CHAMBERS**  
Accounting Officer



**FAY SIMPSON**  
Accounting Officer



**SHOMNA JOHNSON**  
Accounting Officer



**RAHEEMA FRAY**  
Investment Officer



**AUDREY COWARD-WHYTE**  
Compliance & Risk Analyst



**JOAN WILLIAMS**  
Office Attendant/Bearer



**AMORY CAMPBELL**  
ICT Help Desk Assistant



**KEVIN EMBDEN**  
Member Service Rep



**KHARLA DAVIS**  
Member Service Rep



**JAVON ARMSTRONG**  
Member Service Rep



**STACEY-ANN GILLESPIE**  
Member Service Rep



**DANYA HUNT**  
Member Service Rep



**EMOYA LOVE**  
Receptionist



**CILENA DACRES**  
Archivist



**JANET HILL**  
Office Attendant/Bearer

## Our Team Members - Ewarton Office



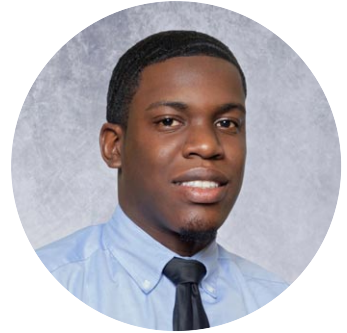
**TALISA HENRY**  
Member Service Rep



**KEDISHA QUEENSBOROUGH**  
MSR/Clerical Assistant



**MICHELL TAFFE**  
Business Support Technician



**JOEL KELLY**  
Temp. MSR/Clerical Assistant



**JANET RUSSELL**  
Office Attendant/Bearer

A graphic featuring a circular photo of a smiling couple looking at a laptop. The photo is surrounded by several overlapping circles in dark blue, orange, and light blue. To the left of the photo is a purple icon of two people. Below the photo, the text reads: "Open a Partner PLAN ACCOUNT today and start saving the good old fashion way".

Open a  
**Partner PLAN**  
ACCOUNT today and start saving  
the good old fashion way

## Our Team Members - Kirkvine Office



**KENESHA SINCLAIR**  
Credit Officer



**BEVERLEY ALLEN**  
Member Service Rep



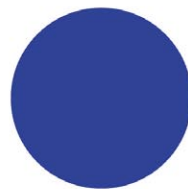
**JANET HOLNESS-WILLIAMS**  
Member Service Rep



**ANTHONY BROWN**  
Clerical Assistant



**SHARON WILKINSON**  
Office Attendant/Bearer



**UGain**  
**SAVERS** *Account*

- ✓ Excellent Returns
- ✓ Free Insurance

# Financial Statements

as at 31<sup>st</sup> December 2024



Success



Growth



Financial



Strategy



# Ministry of Industry Investment & Commerce

Jamaica's **Business** Ministry



International Year  
of Cooperatives



## DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES CHARITIES AUTHORITY, JAMAICA

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

**R160-353/05/2025**

**May 15, 2025**

The Secretary  
JPS & Partners Co-operative Credit Union Limited  
65 ¾ Half Way Tree Road  
Kingston 10

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2024.

The Annual General Meeting (AGM) must be convened in accordance with **Regulations 19 & 21** of the Co-operative Societies Regulations, 1950 and **Regulations 25A-25F** of the Co-operative Societies (Amendment) Regulations, 2021. At least seven (7) days' notice shall be given before the meeting is held.

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

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

Regards,

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

**HEAD OFFICE**  
10A Chelsea Avenue  
Kingston 5, Jamaica, W. I.  
(876) 927-4912 | 927-6572 | 978-1946

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(RADA Bldg.)  
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**MONTEGO BAY, ST. JAMES**  
10 Delisser Drive  
(The Office of the Prime Minister)  
(876) 952-7913

✉ [info@dcfs.gov.jm](mailto:info@dcfs.gov.jm)

🌐 [www.dcfs.gov.jm](http://www.dcfs.gov.jm)



Tel: (876) 926-1616/7, 926-4421  
Fax: (876) 926-7580  
www.bdo.com.jm

Chartered Accountants  
26 Beechwood Avenue  
P.O. Box 351  
Kingston 5, Jamaica

## **INDEPENDENT AUDITORS' REPORT**

To: The Registrar of Co-operatives and Friendly Societies  
Re: JPS & Partners Co-operative Credit Union Limited

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

#### **Opinion**

We have audited the financial statements of JPS & Partners Co-operative Credit Union Limited ("the Credit Union") which comprise the statement of financial position as at 31 December 2024, and the statements of surplus or deficit and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising material 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 Credit Union as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Co-operatives 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 Credit Union 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.

### **Responsibilities of Management and the 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 Accounting Standards and with the requirements of 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 Credit Union'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 Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Partners: S. M. McFarlane, J. Hibbert, D. Hobson, B. Vanriel, K. Heron  
Associate Partner: D. Brown  
Offices in Montego Bay, Mandeville and Ocho Rios

BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

To: The Registrar of Co-operative and Friendly Societies  
Re: JPS & Partners Co-operative Credit Union Limited

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Credit Union'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 Credit Union'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 Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To: The Registrar of Co-operatives and Friendly Societies  
Re: JPS & Partners Co-operative Credit Union Limited

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

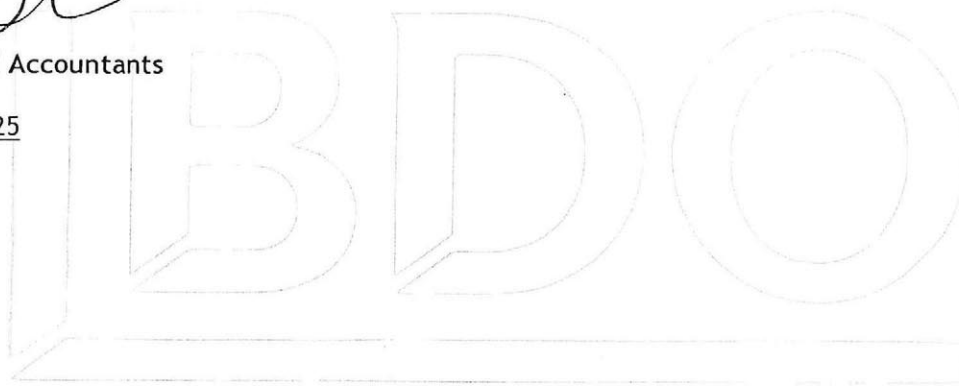
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Co-operative Societies Act, in the manner required.

A handwritten signature in black ink, appearing to read 'BDO'.

Chartered Accountants

14 May 2025



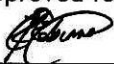
# Statement of Financial Position

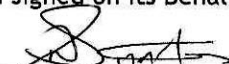
31 December 2024



	<u>Note</u>	<u>2024</u> <u>£</u>	<u>2023</u> <u>£</u>
<b>ASSETS</b>			
<b>EARNING ASSETS:</b>			
Liquid assets	5	720,742,989	655,782,710
Resale agreements	6	292,353,980	650,199,054
Loans receivable	7	4,171,201,751	3,425,108,426
Financial investments	8	372,399,789	437,323,890
Investment property	9	495,000,000	332,100,000
		<u>6,051,698,509</u>	<u>5,500,514,080</u>
<b>NON-EARNING ASSETS:</b>			
Cash and bank balances	10	72,877,759	40,021,809
Other assets	11	24,467,541	17,193,467
Property, plant and equipment	12	488,769,967	340,976,791
Intangible asset	13	2,674,041	4,266,538
Retirement benefit asset	14	35,053,000	41,295,000
		<u>623,842,308</u>	<u>443,753,605</u>
<b>TOTAL ASSETS</b>		<u><b>6,675,540,817</b></u>	<u><b>5,944,267,685</b></u>
<b>LIABILITIES AND CAPITAL</b>			
<b>INTEREST BEARING LIABILITIES:</b>			
Voluntary shares	15	1,849,223,152	1,634,862,109
Saving deposits	16	2,549,034,560	2,388,236,847
Loan scheme funds	17	15,064,523	15,496,592
Bank overdraft	10	-	10,366,166
		<u>4,413,322,235</u>	<u>4,048,961,714</u>
<b>NON-INTEREST BEARING LIABILITIES:</b>			
Payables	18	93,430,832	96,525,267
Deferred credit	19	5,166,977	5,166,977
		<u>98,597,809</u>	<u>101,692,244</u>
<b>TOTAL LIABILITIES</b>		<u><b>4,511,920,044</b></u>	<u><b>4,150,653,958</b></u>
<b>CAPITAL:</b>			
Institutional capital	20	945,855,506	907,464,265
Non-institutional capital	21	1,217,765,267	886,149,462
<b>TOTAL CAPITAL</b>		<u><b>2,163,620,773</b></u>	<u><b>1,793,613,727</b></u>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<u><b>6,675,540,817</b></u>	<u><b>5,944,267,685</b></u>

Approved for issue by the Board of Directors on 30 April 2025 and signed on its behalf:

  
Kim Robinson - President

  
Natalie Sparkes - Treasurer

# Statement of Surplus or Deficit and Other Comprehensive Income

Year ended 31 December 2024



	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
<b>INTEREST INCOME:</b>			
Loans receivable		509,214,584	399,893,875
Liquid assets		31,588,991	20,700,562
Resale agreements		48,951,131	90,881,023
Financial investments		<u>20,317,503</u>	<u>19,958,032</u>
		<u>610,072,209</u>	<u>531,433,492</u>
<b>INTEREST EXPENSE AND OTHER FINANCIAL COSTS:</b>			
Voluntary shares		22,717,766	20,754,694
Saving deposits		50,949,581	48,649,193
Other financial costs	24	<u>18,079,166</u>	<u>17,070,551</u>
		<u>91,746,513</u>	<u>86,474,438</u>
<b>NET INTEREST INCOME</b>		518,325,696	444,959,054
Impairment allowance on loans	7(c)	( <u>33,131,285</u> )	( <u>13,807,547</u> )
<b>NET INTEREST INCOME AFTER IMPAIRMENT ALLOWANCE ON LOANS</b>		485,194,411	431,151,507
Fair value gains on investment property	9	159,557,735	-
Non-interest income	25	<u>28,901,625</u>	<u>18,774,805</u>
		673,653,771	449,926,312
Operating expenses	26	( <u>421,196,162</u> )	( <u>375,307,585</u> )
<b>SURPLUS BEFORE HONORARIUM</b>		252,457,609	74,618,727
Honorarium		( <u>4,400,000</u> )	( <u>4,000,000</u> )
<b>SURPLUS AFTER HONORARIUM</b>		<u>248,057,609</u>	<u>70,618,727</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to surplus or deficit:</b>			
Revaluation gains on property	12	152,623,441	-
Re-measurement of retirement benefit asset	14 (b)	( <u>8,202,000</u> )	<u>24,440,000</u>
		<u>144,421,441</u>	<u>24,440,000</u>
<b>Items that will or may be reclassified to surplus:</b>			
Realised valuation gain on fair value through other comprehensive income on debt instruments		( <u>10,807,425</u> )	-
Unrealised valuation gain on fair value through other comprehensive income on debt instruments		<u>10,435,254</u>	<u>4,332,282</u>
		( <u>372,171</u> )	<u>4,332,282</u>
		<u>144,049,270</u>	<u>28,772,282</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>392,106,879</u>	<u>99,391,009</u>

# Statement of Changes in Equity

Year ended 31 December 2024



	<u>Note</u>	<u>Institutional Capital \$</u>	<u>Non- Institutional Capital \$</u>	<u>Total \$</u>
Balance at 31 December 2022	20 & 21	882,411,723	825,922,125	1,708,333,848
Total comprehensive income:				
Net surplus for the year		-	70,618,727	70,618,727
Other comprehensive income		-	28,772,282	28,772,282
Transactions with owners:				
Dividend	23	-	( 5,856,239)	( 5,856,239)
Patronage refund	23	-	( 6,024,490)	( 6,024,490)
Write back of dividends		-	3,119,324	3,119,324
Issue of permanent shares		544,944	-	544,944
Transfer to Institutional Capital	20	10,140,053	( 10,140,053)	-
Transfer to statutory reserve	20	14,367,545	( 14,367,545)	-
Decrease in other non-qualifying reserves	22	-	( 5,894,669)	( 5,894,669)
Balance at 31 December 2023	20 & 21	907,464,265	886,149,462	1,793,613,727
Total comprehensive income:				
Net surplus for the year		-	248,057,609	248,057,609
Other comprehensive income		-	144,049,270	144,049,270
Transactions with owners:				
Dividend	23	-	( 8,004,351)	( 8,004,351)
Life long savers	23	-	( 6,505,462)	( 6,505,462)
Write back of dividends		-	1,334,482	1,334,482
Issue of permanent shares		5,519,405	-	5,519,405
Transfer to Institutional Capital	20	11,000,000	( 11,000,000)	-
Transfer to statutory reserve	20	21,871,836	( 21,871,836)	-
Decrease in other non-qualifying reserves	22	-	( 14,443,907)	( 14,443,907)
Balance at 31 December 2024	20 & 21	<u>945,855,506</u>	<u>1,217,765,267</u>	<u>2,163,620,773</u>

# Statement of Changes in Equity

Year ended 31 December 2024



## INSTITUTIONAL CAPITAL

	<u>Note</u>	<u>Statutory Reserve</u> £	<u>Revenue Reserve</u> £	<u>Permanent Shares</u> £	<u>Business Combination Reserve</u> £	<u>Total</u> £
Balance at 31 December 2022	20	458,504,694	56,938,043	69,358,509	297,610,477	882,411,723
Transactions with owners:						
Issue of permanent shares		-	-	544,944	-	544,944
Appropriation during the year		-	-	10,140,053	-	10,140,053
Transfer from undistributed surplus		<u>14,367,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,367,545</u>
Balance at 31 December 2023	20	472,872,239	56,938,043	80,043,506	297,610,477	907,464,265
Transactions with owners:						
Issue of permanent shares		-	-	5,519,405	-	5,519,405
Appropriation during the year		-	11,000,000	-	-	11,000,000
Transfer from undistributed surplus		<u>21,871,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,871,836</u>
Balance at 31 December 2024	20	<u>494,744,075</u>	<u>67,938,043</u>	<u>85,562,911</u>	<u>297,610,477</u>	<u>945,855,506</u>

# Statement of Changes in Equity

Year ended 31 December 2024



## NON- INSTITUTIONAL CAPITAL

	<u>Note</u>	<u>Capital Revaluation Reserve</u> \$	<u>Investment Reserve</u> \$	<u>Other Non-Qualifying Reserves</u> \$	<u>Retirement Benefit Reserve</u> \$	<u>Undistributed Surplus</u> \$	<u>Total</u> \$
Balance at 31 December 2022		<u>641,168,513</u>	<u>8,099,919</u>	<u>138,867,829</u>	<u>14,074,000</u>	<u>23,711,864</u>	<u>825,922,125</u>
Total comprehensive income:							
Net surplus for the year		-	-	-	-	70,618,727	70,618,727
Other comprehensive Income:							
Valuation gain on fair value of debt instruments		-	4,332,282	-	-	-	4,332,282
Re-measurement of retirement benefit asset	14	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,440,000</u>	<u>24,440,000</u>
		-	4,332,282	-	-	95,058,727	99,391,009
Transactions with owners:							
Dividends on permanent shares	23	-	-	-	-	( 5,856,239)	( 5,856,239)
Patronage refund		-	-	-	-	( 6,024,490)	( 6,024,490)
Write bank of dividends		-	-	-	-	3,119,324	3,119,324
Transfer of permanent shares		-	-	-	-	(10,140,053)	( 10,140,053)
Transfer to statutory reserves	20	-	-	-	-	(14,367,545)	( 14,367,545)
Transfer from retirement benefit reserve		-	-	-	27,221,000	(27,221,000)	-
Decrease in reserves	22	-	-	( 5,894,669)	-	-	( 5,894,669)
Transfer to reserves	22	<u>-</u>	<u>-</u>	<u>21,000,000</u>	<u>-</u>	<u>(21,000,000)</u>	<u>-</u>
		<u>-</u>	<u>4,332,282</u>	<u>15,105,331</u>	<u>27,221,000</u>	<u>13,568,724</u>	<u>60,227,337</u>
Balance at 31 December 2023	21	<u>641,168,513</u>	<u>12,432,201</u>	<u>153,973,160</u>	<u>41,295,000</u>	<u>37,280,588</u>	<u>886,149,462</u>

# Statement of Changes in Equity

Year ended 31 December 2024



## NON- INSTITUTIONAL CAPITAL

	<u>Note</u>	<u>Capital Revaluation Reserve</u> ₤	<u>Investment Reserve</u> ₤	<u>Other Non-Qualifying Reserve</u> ₤	<u>Retirement Benefit Reserve</u> ₤	<u>Undistributed Surplus</u> ₤	<u>Total</u> ₤
Balance at 31 December 2023 (brought forward)	30	<u>641,168,513</u>	<u>12,432,201</u>	<u>153,973,160</u>	<u>41,295,000</u>	<u>37,280,588</u>	<u>886,149,462</u>
Total comprehensive income:							
Net surplus for the year		-	-	-	-	248,057,609	248,057,609
Other comprehensive Income:							
Realized valuation gain on fair value of debt instruments		-	(10,807,425)	-	-	-	( 10,807,425)
Unrealized valuation loss on fair value of debt instruments		-	10,435,254	-	-	-	10,435,254
Re-measurement of retirement benefit asset	14	-	-	-	-	( 8,202,000)	( 8,202,000)
Revaluation gain on property	12	<u>152,623,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,623,441</u>
		152,623,441	( 372,171)	-	-	239,855,609	392,106,879
Transactions with owners:							
Dividends on permanent shares	23	-	-	-	-	( 8,004,351)	( 8,004,351)
Life long savers	23	-	-	-	-	( 6,505,462)	( 6,505,462)
Write Back of Dividend	23	-	-	-	-	1,334,482	1,334,482
Transfer to Permanent Share		-	-	-	-	( 11,000,000)	( 11,000,000)
Transfer to statutory reserves	20	-	-	-	-	( 21,871,836)	( 21,871,836)
Transfer from retirement benefit reserve		-	-	-	( 6,242,000)	6,242,000	-
Transfer of revaluation gain on investment property	9	159,557,735	-	-	-	(159,557,735)	-
Decrease in reserves	22	-	-	( 14,443,907)	-	-	( 14,443,907)
Transfer to reserves	22	<u>-</u>	<u>-</u>	<u>23,561,000</u>	<u>-</u>	<u>( 23,561,000)</u>	<u>-</u>
		<u>312,181,176</u>	<u>( 372,171)</u>	<u>9,117,093</u>	<u>( 6,242,000)</u>	<u>16,931,707</u>	<u>331,615,805</u>
Balance at 31 December 2024	21	<u>953,349,689</u>	<u>12,060,030</u>	<u>163,090,253</u>	<u>35,053,000</u>	<u>54,212,295</u>	<u>1,217,765,267</u>

# Statement of Cash Flows

Year ended 31 December 2024



	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net surplus		248,057,609	70,618,727
Adjustments for:			
Depreciation	12	11,942,122	10,798,186
Amortisation	13	1,592,497	2,477,431
Unrealised fair value gains on investment property	9	(159,557,735)	-
Unrealised fair value losses on FVTPL investments	25	942,351	7,124,453
Retirement benefit expense	14(f)	1,242,000	962,000
Impairment allowance on loans	7	33,131,285	13,807,547
Interest income		(610,072,209)	( 531,433,492)
Interest expense		<u>73,667,347</u>	<u>69,403,887</u>
		(399,054,733)	( 356,241,261)
Changes in operating assets and liabilities			
Other assets		( 7,274,074)	943,642
Retirement benefit asset	14(b)	( 3,202,000)	( 3,743,000)
Loan scheme funds		( 432,069)	1,137,860
Saving deposits		153,403,038	116,922,173
Voluntary shares		214,361,043	108,142,657
Payables		( 3,094,435)	19,691,959
Decrease in reserves	22	( 14,443,907)	( 5,894,669)
Loans receivable		<u>(779,310,258)</u>	<u>( 600,611,321)</u>
		(839,047,395)	( 719,651,960)
Interest received		606,879,235	525,042,900
Interest paid		<u>( 72,778,134)</u>	<u>( 69,180,014)</u>
Net cash used in operating activities		<u>(304,946,294)</u>	<u>( 263,789,074)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Addition to financial investment		( 16,708,174)	( 70,206,100)
Proceeds from financial Investments		77,337,624	108,449,756
Resale agreements (net)		(134,644,878)	( 9,521,597)
Liquid assets (net)		(242,394,670)	50,365,952
Additions to property, plant and equipment	12	( 7,111,857)	( 6,213,895)
Additions to investment property	19	<u>( 3,342,265)</u>	<u>-</u>
Net cash (used in)/provided by investing activities		<u>(326,864,220)</u>	<u>72,874,116</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Subscription to permanent shares	20	5,519,405	544,944
Dividend paid		<u>( 6,669,869)</u>	<u>( 8,945,701)</u>
Net cash used in financing activities		<u>( 1,150,464)</u>	<u>( 8,400,757)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(632,960,978)</b>	<b>( 199,315,715)</b>
Cash and cash equivalents at beginning of year		<u>997,607,126</u>	<u>1,196,922,841</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>10</b>	<b><u>364,646,148</u></b>	<b><u>997,607,126</u></b>

# Notes to the Financial Statements

31 December 2024



## 1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

The Credit Union is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. Membership is limited to employees, ex-employees, pensioners of the Jamaica Public Service Company Limited, the Jamaica Energy Partners, Digicel (Jamaica) Limited, UC Rusal and Collector General, the staff of the Credit Union, spouse, children, parents, brothers, sisters, aunts, uncles, nieces and nephews of members and spouses of children.

The Credit Union's registered office is located at 65 ¾ Half Way Road, Kingston 10, Jamaica and has branches in Ewarton (St. Catherine), Kirkvine (Manchester), Ocean Boulevard (Kingston) and Port Esquivel (St. Catherine).

The Credit Union's main activities are:

- the promotion of thrift;
- the provision of loans to members exclusively for provident and productive purposes; and
- to receive the savings of its members either as payment on shares or as deposits.

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

Membership in the Credit Union is obtained by the holding of members' shares, which should be at least one thousand (1,000) voluntary shares and one thousand (1,000) permanent shares. These shares are issued at par value of \$1 each. Voluntary shares are deposits available for withdrawal on demand, while permanent shares are paid in cash and invested in risk capital. Individual membership may not exceed 20% of the total members' deposits.

Amounts paid for permanent shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Credit Union.

An individual ceasing to be a member of the Credit Union, shall be entitled to a redemption of any amount held as permanent shares. Permanent shares are redeemable only upon transfer to another member. To facilitate this, the Credit Union has established a Redemption Reserve Account.

## 2. MATERIAL ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary prior year balances have been reclassified to conform to current year presentation.

### (a) Basis of preparation

The financial statements are presented in Jamaica dollars which is the Credit Union's functional currency.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

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

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards). The financial statements have been prepared under the historical cost convention except for certain properties and financial assets that are measured at fair value and retirement benefit asset which is recognized as plan assets less the present value of the defined benefits obligations.

The preparation of financial statements in conformity with IFRS Accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Credit Union'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 3.

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

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Credit Union has assessed the relevance of all such new standards, amendments and interpretation and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

**IAS 7 'Statement of Cash Flows - Amendment', issued May 2023 (effective for accounting periods commencing on or after 1 January 2024).** These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

**IAS 1 'Classification of Liabilities as Current or Non-Current- Amendment', issued January 2020 (effective for accounting periods commencing on or after 1 January 2024).** These amendments clarify that liabilities are classified as either current or non-current based on a right to defer settlement having substance that exists at the end of the reporting period. Classification of a liability as non-current can be made if the group has a right to defer settlement for at least twelve months after the reporting period. The adoption of these amendments is not expected to have a significant impact on the Credit Union.

There was no significant impact on the financial statements from the adoption of this amendments.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

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

**New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted**

At the date of authorization, there are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Co-operative has decided not to adopt early. The most significant of these are:

**Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 is effective for accounting periods beginning on or after 1 January 2027.** It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These include:

- The requirement to classify all income and expense into specific categories and provide specified totals and subtotals in the statement of surplus or deficit.
- Enhanced guidance on the aggregation, location and labelling of items across the primary financial statements and the notes.
- Mandatory disclosure about management-defined performance measures (a subset of alternative performance measures).

**IFRS 7 and 9 'Classification and Measurement of Financial Instruments - Amendment', issued May 2024 (effective for accounting periods commencing on or after 1 January 2026).** The amendment is to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'.

The Credit Union does not expect any other standards or interpretations issued by the IASB, but not yet effective, to have a material effect on its financial position.

### (b) Foreign currency translation

Transactions entered into by the Credit Union in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur.

Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in surplus or deficit.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets

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

In these financial statements financial assets comprise liquid assets resale agreements, financial investments and cash and bank balances.

#### Recognition and initial measurement

The Credit Union recognizes a financial asset when it becomes a party to the contractual terms of the instrument. The Credit Union initially recognizes loans on the date when they are originated. All other financial assets are initially recognised on the trade date.

At initial recognition, the Credit Union measures a financial asset at its fair value, plus or minus; in case of a financial assets 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, such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in surplus or deficit.

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 fair value through other comprehensive income, which results in a reduction in surplus or deficit when an asset is newly originated.

#### Classification and subsequent measurement

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

#### 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.

Classification and subsequent measurement of debt instruments depend on:

- The Credit Union's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Credit Union classifies its debt instruments into one of the following three measurement categories:

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### Classification and subsequent measurement (cont'd)

##### Debt instruments (cont'd)

##### 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 fair value through profit or loss (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 below. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

##### Fair value through other comprehensive income (FVOCI)

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.

##### Fair value through profit or loss (FVTPL)

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 surplus or deficit 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 'Non-interest income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

##### Business model assessment

The business model reflects how the Credit Union manages the assets in order to generate cash flows. That is, whether the Credit Union'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.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### Classification and subsequent measurement (cont'd)

#### Debt Instruments (cont'd)

#### Business model assessment (cont'd)

Factors considered by the Credit Union in determining the business model for a class of assets include:

- i. Past experience on how the cash flows for these assets were collected;
- ii. How the asset's performance is evaluated and reported to key management personnel;
- iii. How risks are assessed and managed; and
- iv. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near future 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 Credit Union assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Credit Union 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 surplus or deficit. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Credit Union 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.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### 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 Credit Union subsequently measures all equity investments at fair value through profit or loss, except where the Credit Union'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 surplus or deficit.

#### Derecognition

The Credit Union 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 Credit Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### Measurement, gains or losses

The 'liquid assets, resale agreements 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 costs, and subsequently at their amortised cost using the effective interest method;
- Debt investment securities designated at FVOCI, which are at fair value with changes recognised in other comprehensive income;
- 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 FVOCI.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### Measurement, gains or losses (cont'd)

The Credit Union 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 irrecoverable.

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 accumulated surplus on disposal of an investment.

#### Impairment of financial assets

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

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

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

The Credit Union 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 Credit Union 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'.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### Impairment of financial assets (cont'd)

##### 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 Credit Union 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 Credit Union if the commitment is drawn and the cash flows that the Credit Union expects to received.

##### 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.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### Impairment of financial assets (cont'd)

##### Credit-impaired financial assets

At each reporting date, the Credit Union 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 Credit Union on terms that the Credit Union 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 Credit Union 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.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (c) Financial assets (cont'd)

#### Impairment of financial assets (cont'd)

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 are their fair values. However, the loss is recognised in surplus or deficit as a reclassification from OCI.

#### Write-offs

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 Credit Union 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 “loan impairment losses” in the statement of surplus or deficit.

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

#### Regulatory provisions

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 provisions that exceeds the IFRS 9 expected credit losses are dealt with in a non-distributable loan loss reserve as an appropriation of undistributable surplus (see note 7).

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (d) Financial liabilities

Financial liabilities are initially recognised on the trade date at fair value, being their issue proceeds, net of transaction costs directly attributable to the issue of the instrument and are subsequently measured at amortised cost.

The Credit Union's financial liabilities comprise primarily voluntary shares, saving deposits, loan scheme funds, payables and bank overdraft.

The Credit Union derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

### (e) Resale agreements

Securities sold under agreements to repurchase (repurchase agreements), and securities purchased under agreements to resell (reverse repurchase agreements), are treated as collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method. Resale agreements are classified and measured at amortised cost.

### (f) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost and include cash and bank balances as well as liquid financial assets with original maturities of three (3) months or less, 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. Cash and cash equivalents also includes bank overdraft.

### (g) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at fair value based on biennial valuations by external independent valuers, less subsequent depreciation of buildings. Any accumulated depreciation is eliminated against the gross carrying amount of the assets and the net amount is restated to the revaluation amount. Plant and equipment are carried at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

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

Increases in carrying amounts arising on revaluation are credited to the capital reserve in equity. Decreases that offset previous increases of the same asset are charged against the capital reserve; all other decreases are charged to surplus or deficit.

Depreciation is calculated on the straight-line method at annual rates estimated to write off the costs of the assets over the period of their estimated useful lives. Land is not depreciated. Annual rates are as follows:

Computer & other equipment	33.33%
Furniture & fixtures	10%
ATM	12.50%
Garden tools	33.33%
Building	2.5%
Software	33%
Equipment	20%

The assets residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining surplus. When revalued assets are sold, the amounts included in capital revaluation reserve are transferred to undistributed surplus.

Repairs and maintenance are charged to the surplus or deficit account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Credit Union. Major renovations are depreciated over the remaining useful life of the related asset.

### (h) Investment property

Investment property is held for long term rental yields and capital gains and is not occupied by the Credit Union. Investment property is initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment property. Subsequent to initial recognition, investment property is measured at fair value.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (h) Investment property (cont'd)

Fair value is determined every two years by an independent registered valuer, and in each intervening year by management. Fair value is based on current prices in an active market for similar properties in a similar location and condition. Any gain or loss arising from a change in fair value is recognised in surplus or deficit after which amounts are transferred and accumulated in capital/valuation reserve.

### (i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### (j) Employee benefits

The Credit Union contributes to two separate pension funds on behalf of its employees a defined contribution plan and a defined benefit plan independently administered as follows:

#### Defined contribution plan

This is a money purchase plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the Credit Union has no further obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

#### Defined benefit plan

This is a multi-employer defined benefit pension scheme. The pension is funded from payments from employee and by the Credit Union, taking into account the recommendation from independent qualified actuaries.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligations and fair value of plan assets at the reporting date.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (j) Employee benefits (cont'd)

#### Defined benefit plan (cont'd)

Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of funds from the plan or reductions in the future contributions to the plan. The valuation is performed annually by independent actuaries using the projected unit credit method. Under this method, the cost of providing pensions is charged to net surplus so as to spread the regular cost of service over the service lives of the employees. The pension obligation is measured as the present value of the estimated future cash outflows using discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability. The pension plan assets are allocated based on the Credit Union's obligations as a proportion of the total obligations of the plan.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to the undistributed surplus in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the surplus or deficit.

### (k) Saving deposits

Savings deposits are recognised initially at the normal amount when funds are received. Deposits are subsequently stated at amortised cost.

### (l) Shares

#### Permanent shares

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

#### Voluntary shares

Voluntary shares represent deposit holdings of the Credit Union's members, to satisfy membership requirements and to facilitate eligibility for loans and other benefits. These shares are classified as financial liabilities as they are available for withdrawal at short notice. Interest payable on these shares are determined at the discretion of the Credit Union and reported as interest expense in the statement of surplus or deficit in the period in which they are approved.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (m) Institutional capital

Institutional capital includes the statutory reserve, as well as any other reserve established from time to time which, in the opinion of the directors, are necessary to support the operations of the Credit Union and, thereby, protect the interest of the members. These reserves are not available for distribution.

The Co-operative Societies Act provides that at least twenty percent (20%) of the annual net income before honorarium should be carried to a statutory reserve.

### (n) League fees and stabilization dues

JCCUL has fixed the rate of League fees at 0.20% (2023: 0.20%) of total assets. Stabilization dues are fixed at a rate of total deposits 0.15% (2023: 0.125%) of total savings.

### (o) Related party

A party is related to the Credit Union, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
  - (a) is controlled by, or is under common control with, the Credit Union;
  - (b) has an interest in the Credit Union that gives it significant influence over the entity; or
  - (c) has joint control over the Credit Union.
- (ii) The party is a member of the key management personnel of the entity;
- (iii) The party is a close member of the family of any individual referred to in (i) or (iv);
- (iv) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The Credit Union has a related party relationship with its directors and key management personnel representing certain senior officers of the Credit Union.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (p) Interest expense

Interest expense is recognised in surplus for all interest bearing liabilities using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

Interest expense presented in the statement of surplus or deficit and other comprehensive income includes interest expense on financial liabilities measured at amortised cost.

### (q) Interest income

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

When calculating the effective interest rate for financial instruments, the Credit Union estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

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

The ‘amortised cost’ of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization 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.

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

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

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

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 assets improves.

Interest income calculated using the effective interest rate method presented in the statement of surplus or deficit and other comprehensive income includes interest on financial assets measured at amortised cost.

### (r) Revenue recognition

Revenue is generally recognised when the performance obligations are satisfied either at a point in time or over time as the services are provided based on the consideration specified in the contract with customers. Revenue comprises fees and commissions, dividends, rental and other income.

The nature and timing of the satisfaction of performance obligations in contracts with customers and the related recognition criterion are described below -

#### (i) Fees and commission

Fees and commission income from contracts with customers are measured based on the consideration specified in a contract with a customer. The credit union recognizes revenue when it transfers control over a service to a customer.

Fee and commission income that are integral to the effective interest rate on financial assets are included in the effective interest rate. Fees and commission arising from or participating in the negotiation of a transaction are recognized on a straight-line basis over the commitment period. These include loan origination fees.

Service/maintenance fees are charged on a monthly basis and based on a fixed rate determined by the Credit Union when the related services are performed.

# Notes to the Financial Statements

31 December 2024



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D):

### (r) Revenue recognition (cont'd)

#### (ii) Dividend income

Dividend income from equity financial investments is recognized at the point when the shareholder's right to receive payment has been established.

#### (iii) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term, period of occupancy, of the relevant lease.

#### (iv) Other income

Other income is recognised on an accrual basis.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Credit Union's accounting policies, management has made the following critical accounting estimates or judgements which it believes have a significant risk of causing a material misstatement in these financial statements.

### (a) Critical Accounting Estimate and Judgement Applied

#### (i) Classification of financial assets

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest (SPPI) on the principal payment amount outstanding requires management to make certain judgements on its business operations.

#### (ii) Impairment of financial assets

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

# Notes to the Financial Statements

31 December 2024



## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

### (b) Key assumptions and other sources of estimation uncertainty

#### (i) 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 estimate the likely amount of cashflows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimate. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 4. The use of assumptions make uncertainty inherent in such estimate.

#### (ii) Retirement benefit asset

The amounts recognised in the statement of financial position and statement of surplus or deficit and other comprehensive income for pension benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised, include the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Credit Union's obligations. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

#### (iii) Fair value of financial instruments

In the absence of quoted market prices, the fair value of the Credit Union's financial instruments are determined using a generally accepted alternative to quoted market prices. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

# Notes to the Financial Statements

31 December 2024



## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D):

### (b) Key assumptions and other sources of estimation uncertainty (cont'd)

#### (iv) Depreciable assets

Estimates of the useful life and residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Credit Union applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in surplus or deficit through impairment or adjusted depreciation provisions.

#### (v) Valuation of investment property

Investment property is measured at fair value. Given the infrequency of trades in comparable properties in some cases, and therefore the absence of a number of observable recent market prices, fair value is less objective and requires significant estimation, which is impacted by the uncertainty of market factors, pricing assumptions and general business and economic conditions (see note 9).

## 4. FINANCIAL RISK MANAGEMENT:

The Credit Union's activities are principally related to the use of financial instruments, which involve analysis, evaluation and management of some degree of risk or combination of risks. The Credit Union manages risk through a framework of risk principles, organizational structures and risk management and monitoring processes that are closely aligned with the activities of the Credit Union. The Credit Union's risk management policies are designed to identify and analyze the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits by means of regularly generated reports. The Credit Union's aim is therefore to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Credit Union's financial performance.

The Credit Union has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Credit Union's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the Credit Union's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the Credit Union and the methods used to measure them.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (i) Principal financial instruments

The principal financial instruments used by the Credit Union from which financial instrument risk arises, are as follows:

- Financial investments
- Loans receivable
- Liquid assets
- Resale agreements
- Cash and bank balances
- Payables
- Voluntary shares
- Saving deposits
- Loan scheme funds

### (ii) Financial instruments by category

#### Financial assets

	Amortised Cost \$	Fair value through surplus or deficit \$	Fair value through other comprehensive income \$	Total \$
<b>31 December 2024:</b>				
Cash and bank balances	72,877,759	-	-	72,877,759
Liquid assets	720,742,989	-	-	720,742,989
Loans receivable	4,171,201,751	-	-	4,171,201,751
Resale agreements	292,353,980	-	-	292,353,980
Financial investments	<u>186,398,369</u>	<u>95,317,698</u>	<u>90,683,722</u>	<u>372,399,789</u>
	<u>5,443,574,848</u>	<u>95,317,698</u>	<u>90,683,722</u>	<u>5,629,576,268</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (ii) Financial instruments by category (cont'd)

#### Financial assets (cont'd)

	Amortised Cost \$	Fair value through surplus or deficit \$	Fair value through other comprehensive income \$	Total \$
<b>31 December 2023:</b>				
Cash and bank balances	40,021,809	-	-	40,021,809
Liquid assets	655,782,710	-	-	655,782,710
Loans receivable	3,425,108,426	-	-	3,425,108,426
Resale agreements	650,199,054	-	-	650,199,054
Financial investments	<u>198,590,610</u>	<u>89,561,752</u>	<u>149,171,528</u>	<u>437,323,890</u>
	<u>4,969,702,609</u>	<u>89,561,752</u>	<u>149,171,528</u>	<u>5,208,435,889</u>

#### Financial liabilities

	Amortised cost	
	2024 \$	2023 \$
Bank overdraft	-	10,366,166
Payables	75,085,060	83,991,912
Saving deposits	2,549,034,560	2,388,236,847
Voluntary shares	1,849,223,152	1,634,862,109
Loan scheme funds	<u>15,064,523</u>	<u>15,496,592</u>
	<u>4,488,407,295</u>	<u>4,132,953,626</u>

### (iii) 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 between market participants at the measurement date and is best evidenced by a quoted market price, if one exists. Some of the Credit Union'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, market conditions at a specific point in time may not be reflective of future fair values.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iii) Fair value of financial instruments (cont'd)

The fair value of liquid assets, resale agreements, cash and bank balances, other assets, bank overdraft and payables maturing within one year is assumed to approximate their carrying value. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities.

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.

Saving deposits and loan scheme funds are carried at amortised cost, which is deemed to approximate their fair values, as these balances attract interest rates at terms comparable to market interest rates.

The fair value of voluntary shares and certain saving deposits, with no specific maturity are assumed to be the amount payable on demand at the reporting date.

The fair value of loans receivable could not be readily determined as the loans are generally unique to the Credit Union although they are at market comparable interest rates. Additionally, the carrying amount of the loans reflects the expected lifetime credit losses, value and quality collateral and interest rates on loans.

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 inputs are observable, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: Discounted cash flow techniques using a discount rate from observable market date, i.e., average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities.
- Level 3: Valuation techniques using significant unobservable inputs.

There were no transfers between levels during the year.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iii) Fair value of financial instruments (cont'd)

The following table shows the fair values of financial assets including their levels in the fair value hierarchy. The tables does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of their fair value.

	31 December 2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial investments measured at fair value (note 8):				
Unit trusts	-	28,467,560	-	28,467,560
Money market funds	-	39,022,761	-	39,022,761
Quoted equities	27,827,377	-	-	27,827,377
Government of Jamaica and Global Bonds	-	67,842,317	-	67,842,317
Unquoted shares	-	-	22,841,405	22,841,405
	<u>27,827,377</u>	<u>135,332,638</u>	<u>22,841,405</u>	<u>186,001,420</u>

	31 December 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial investments measured at fair value (note 8):				
Unit trusts	-	26,531,162	-	26,531,162
Money market funds	-	34,260,861	-	34,260,861
Quoted equities	28,769,729	-	-	28,769,729
Government of Jamaica and Global Bonds	-	126,330,123	-	126,330,123
Unquoted shares	-	-	22,841,405	22,841,405
	<u>28,769,729</u>	<u>187,122,146</u>	<u>22,841,405</u>	<u>238,733,280</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iii) Fair value of financial instruments (cont'd)

#### Valuation techniques

The valuation techniques used in determining fair value measurement of Level 1 financial instrument is the Jamaica Stock Exchange.

The valuation techniques used in measuring fair value in the level 2 and level 3 hierarchy, as well as the significant unobservable inputs used are as follows:

#### Level 2 fair value measurement

<u>Financial assets</u>	<u>Method</u>
Government of Jamaica securities	Obtain bid yield from yield curve provided by a recognized pricing source (which uses market-supplied indicative bids).  Using this yield, determined price using accepted formula.  Apply price to estimate fair value.
Government of Jamaica USS Global	Apply prices of bonds at reporting date as quoted by broker/dealer, where available.
Corporate bonds	Estimated using bid-prices published by major brokers/dealers.
Money Market funds	Net asset valuation method.
Investments in unit trusts	Obtain prices quoted by unit trust managers.  Apply price to estimate fair value.

#### Level 3 fair value measurement

#### Unquoted equities —fair value through OCI

These shares represent investments that the Credit Union intends to hold long term for strategic purposes and are not actively traded. These shares were measured at fair value on initial recognition and subsequently where their value cannot be measured reliably, the assets are measured at the carrying amount determined at the last date on which the fair value could be determined reliably.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iii) Fair value of financial instruments (cont'd)

Level 3 fair value measurement (cont'd)

Unquoted equities –fair value through OCI (cont'd)

Valuation techniques and inputs

Significant unobservable inputs used in the net assets valuation (NAV) method for unquoted equities include assets that do not have a quoted market price. Unquoted equities represents holdings in entities in the financial sector providing services mainly to credit unions. As these are financial entities, the NAV is considered an appropriate basis to fair value these equities.

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

### (iv) Financial risk

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

The five key committees for managing and monitoring risks are as follows:

#### (a) Supervisory Committee

The Supervisory Committee oversees the Internal Audit function of the Credit Union and ensures that internal procedures and controls are adhered to. The Supervisory Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of management controls and procedures, the results of which are reported to the Supervisory Committee and the Board of Directors.

#### (b) Credit Committee

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

#### (c) Finance Committee

The Finance Committee is responsible for overseeing the management of the Credit Union's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Credit Union.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

The five key committees for managing and monitoring risks are as follows (cont'd):

#### (d) Risk and Compliance Committee

The Risk and Compliance Committee monitors the Credit Union's exposure to business risks, primarily credit risk by ensuring that collaterals used to secure members' loans are adequate prior to loan approval. It is also responsible for monitoring the Credit Union's compliance to the rules and regulations governing the Credit Union as well as management's policies and procedures.

#### (e) Delinquency Committee

The Delinquency Committee is responsible for overseeing the management of the Credit Union's delinquency ratios and the recoverability of overdue loan balances. The committee also oversees the disposal of repossessed collateral with the assistance of the Risk and Compliance Committee.

These committees comprise persons inclusive of management; Supervisory, Finance and Risk and Compliance Committees reports to the Board of Directors monthly. The other committees reports through the General Manager to the Board of Directors.

The Credit Union's overall risk management programme seeks to minimize potential adverse effects on the Credit Union's financial performance. There have been no significant changes to the Credit Union's exposure to financial risks or the manner in which it manages and measures its risks.

#### (i) Credit risk

The Credit Union takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss by being unable to pay amounts in full when due. Credit exposures arise principally in lending activities. For loans, strategic decisions are primarily made by the Board of Directors, with some delegation of credit approval authority to the Credit Committee and certain members of executive management. The Credit Union's credit policy forms the basis for all its lending operations. The Policy aims at maintaining a high quality loan portfolio, as well as enhancing the Credit Union's mission and strategy. The policy sets the basic criteria for acceptable risk and identifies risk areas that require special attention.

Additionally, the Credit Union is exposed to credit risk in its treasury activities, arising from financial assets that the Credit Union uses for managing its liquidity and interest rate risks, as well as other market risks.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

There is also credit risk in relation to financial items not included in the statement of financial position at year end such as loan commitments.

#### Credit review process

The Credit Union has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and loan repayment obligations.

The Credit Union assesses the probability of default of individual borrowers using internal ratings. The Credit Union assesses each borrower on four critical factors. These factors are the member's credit history, ability to pay linked to a debt service ratio of 60:40, character profile and the member's economic stability, based on employment and place of abode.

Borrowers of the Credit Union are segmented into two rating classes: performing and non-performing.

The credit quality review process allows the Credit Union to assess the potential loss as a result of the risk to which it is exposed and take corrective action. Exposure to credit risk is managed, in part, by obtaining collateral and personal guarantees.

#### Credit risk limits

The Credit Union manages concentrations of credit risk by placing limits on the amount of risk accepted in relation to a single borrower or group of related borrowers, and to product segments.

Borrowing limits are established by the use of the system described above. Limits on the level of credit risk by product categories and for investment categories, are reviewed and approved annually by the Board of Directors.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Collateral

The amount and type of collateral required by the Credit Union depends on an assessment of the credit risk of the borrower. With the exception of loans, debt securities are generally unsecured while reverse repurchase agreements are secured by portfolios of financial instruments. Guidelines are implemented regarding the acceptability of different types of collateral. The Credit Union's policy regarding obtaining collateral has not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Credit Union since the prior period. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises;
- Bill of sale over motor vehicles; and
- Charges and hypothecations over deposit balances.

Management monitors the market value of collateral, request additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its annual review of individual credit facilities as well as during its review of the adequacy of the provision for credit losses.

##### Repossessed Collateral

The Credit Union obtained assets by taking possession of collateral held as security, as follows:

	<u>Carrying Amount</u>	
	<u>2024</u>	<u>2023</u>
	\$	\$
Real estate	21,000,000	21,000,000
Motor vehicles	<u>8,250,000</u>	<u>6,060,000</u>
	<u>29,250,000</u>	<u>27,060,000</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Collateral

##### Reposessed Collateral (cont'd)

Reposessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. In general, the Credit Union does not utilise the properties for business use.

##### Financial investments and resale agreements

External rating agency grades are used to assess credit quality. These published grades are continuously monitored and updated. Default probabilities and recovery rates are assigned as published by the rating agency.

The Credit Union limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

##### Liquid assets and bank balances

All liquid assets and bank balances are held in financial institutions which management regards as strong and reputable and are therefore assessed as having low credit risk at reporting date. The strength of these financial institutions is constantly reviewed by the Finance Committee.

##### Impairment of financial assets

The Credit Union has three (3) types of financial assets that are subject to the expected credit loss model:

- Loans receivable,
- Debt investments carried at amortised cost, and fair value through other comprehensive income;
- Resale agreements.

While cash at bank and liquid assets are also subject to the requirements of IFRS 9, all balances are assessed to have low credit risk at each reporting date as they are held with reputable institutions. No impairment loss was recognized as the amount was immaterial.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Impairment of loans receivable

The Credit Union applies the 'three stage' model under IFRS 9 in measuring the expected credit losses on loans, and makes estimations about the likelihood of defaults occurring, associated loss ratios, changes in market conditions and expected future cash flows. This is measured using the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for a portfolio of assets.

- Probability of Default - This represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12 months PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- Exposure at Default - This represents the expected balance at default, taking into account the repayment of principal and interest from the statement of financial position date to the default event together with any expected drawdowns of committed facilities.
- Loss Given Default - This represents expected losses on the EAD given the event of default, taking into account the mitigating effect of collateral value at the time it is expected to be realised and also the time value of money.

The 'three stage' model is used to categorize financial assets according to credit quality as follows:

- Stage 1 - If a financial asset is subject to low credit risk at the reporting date, an amount equal to 12 months expected losses would be recognised.
- Stage 2 - If the credit risk increases significantly from initial recognition, an amount equal to lifetime expected credit losses would be recognised. Interest revenue would be on the gross basis.
- Stage 3 - If the financial asset meets the credit impaired definition, an amount equal to lifetime expected credit losses would be recognised and interest revenue would be on the net basis, rather than on the gross amount.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Impairment of loans receivable (cont'd)

##### Transfer between stages

Loans, at any point in time, are either in stage 1, 2, or 3. At origination all loans are in stage 1 and a lifetime PD established based on the current risk score at that time. At future reporting dates, loans are again rated and another lifetime PD established based on the remaining term of the loan. This remaining lifetime PD is then compared with the expected remaining lifetime PD to determine if there is any significant increase in credit risk based on the difference, if any, of the two. If there are major differences, the loan moves to stage 2. Notwithstanding the above, loans on a watch list are placed in stage 2. Stage 2 loans are moved to stage 3, if the loan rating results in the borrower being rated as non-performing or in default.

If there is no significant increase in credit but the borrower is in default for more than 30 days past due, then the loan is placed in stage 2. Also, for those in arrears for more than 90 days past due, the loan is placed in stage 3. This rebuttable presumption is an after the fact measure. Stage 3 loans are said to be impaired and are subject to write-offs, cures, or debt consolidation. Transition means the ability to move from one stage (state) to the next.

##### Forward transition

By forward transition we mean moving from stage 1 to 2, stage 2 to 3, or stage 1 to 3 between reporting and measurement periods.

##### Backward transition

Backward transition means moving from stage 3 to 2, 2 to 1 but not directly from stage 3 to 1. All rehabilitated stage 3 loans, called “cured”, will remain in stage 3 for 3-months in good standing before moving to stage 2 and will have to remain in stage 2 for another 3 months before going to stage 1. Before a backward transition is made all arrears must be fully paid.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Impairment of loans receivable (cont'd)

##### Cured loans

A “cured” loan is a loan that was in default and has recovered through the following routes or a combination thereof.

- All past due payments have been made and the borrower has made 6 monthly payments on time.
- The loan has been restructured with due regard to a new payment plan which reduces the monthly payments by extending the maturity date.

##### Watch list

A “watch list” is a mechanism used to track and report on loans that management is of the opinion that they are or might be compromised in the future. The list also includes loans for which a significant increase in credit risk (SICR) has occurred using both quantitative and qualitative measures.

##### Significant increase in credit risk (SICR)

The Credit Union considers a financial asset to have experienced a significant increase in credit risk when one or more of the following qualitative criteria have been met:

- Deterioration in the Borrower's Risk Rating (BRR) below established threshold;
- Failure to comply with provisions of any statute under which the borrower conducts business;
- Actual or expected restructuring; or,
- Early signs of cash flow/liquidity problems.

Loan commitments are assessed along with the category of loan the Credit Union is committed to provide.

The assessment of SICR is performed for individual loans, taking into consideration the sector grouping of the individual exposures, and incorporates forward-looking information. This assessment is performed on an annual basis.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Impairment of loans receivable (cont'd)

##### Backstop

Irrespective of the above qualitative assessment, the Credit Union presumes that the credit risk on a financial asset has increased significantly since initial recognition, when contractual payments are more than 30 days past due.

##### Non-performing

The Credit Union defines a financial instrument as non-performing, when it meets one or more of the following criteria:

##### Quantitative criteria

The borrower is more than 90 days past due on their contractual payments.

The borrower meets the unlikelihood to pay criteria as outlined below, which indicates the borrower is in significant financial difficulty:

- Delinquency in contractual payments of principal and interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions, and;
- Initiation of bankruptcy proceedings.

The criteria above have been applied to all loans held by the Credit Union and are consistent with the definition of 'non-performing' used for internal credit risk management purposes.

##### Incorporation of forward-looking information

The Credit Union 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.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Impairment of loans receivable (cont'd)

##### Quantitative criteria

##### Incorporation of forward-looking information

The Credit Union 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 inflation interest rates, unemployment rates and gross domestic product (GDP). The base case is aligned with information used by the Credit Union for purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica, International organisations and selected private-sector forecasters.

##### Measuring the ECL- Inputs, Assumptions and Estimation Techniques

The ECL is determined by projecting the PD, LGD, and EAD which are multiplied together and discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12 month PD is calculated by observing the rate of historical default within the first year of a portfolio of loans and adjusting it for the expected impact of forward looking economic information.

The lifetime PD is calculated by observing the rate of historical default over the life of a portfolio of loans and adjusting it for the impact of forward looking economic information.

##### Portfolio segmentation

Expected credit loss provisions are modelled on a collective basis, by grouping exposures on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

##### Impairment of loans receivable (cont'd)

##### Portfolio segmentation (cont'd)

Exposures are grouped according to loan type (unsecured, mortgage, home equity, motor vehicle, line of credit, restructured and other). The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Committee.

Stage 3 loans are assessed on an individual basis for impairment.

Loss allowance - Loans receivable

The loss allowance recognised is analysed as follows:

	2024			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
At 1 January 2024	24,674,891	811,682	26,447,584	51,934,157
Movements with income statement impact:				
Transfer from stage 1 to 2	( 428,293)	428,293	-	-
Transfer from stage 1 to 3	(25,162,164)	-	25,162,164	-
Transfer from stage 2 to 1	109,591	( 109,591)	-	-
Transfer from stage 2 to 3	-	(5,690,574)	5,690,574	-
Transfer from stage 3 to 1	34,943	-	( 34,943)	-
ECL on new financial assets originated during the year	18,019,141	241,512	3,321,358	21,582,011
Changes in PDs/LGDs/EADs	20,592,324	5,116,029	( 8,147,553)	17,560,800
Financial assets derecognised during the period	( 8,074,927)	( 96,442)	(13,615,736)	(21,787,105)
At 31 December 2024	<u>29,765,506</u>	<u>700,909</u>	<u>38,823,448</u>	<u>69,289,863</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

#### Impairment of loans receivable (cont'd)

	2023			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
At 1 January 2023	27,120,352	783,875	16,892,055	44,796,282
Movements with income statement impact:				
Transfer from stage 1 to 2	( 213,690)	213,690	-	-
Transfer from stage 1 to 3	( 9,116,405)	-	9,116,405	-
Transfer from stage 2 to 1	117,180	( 117,180)	-	-
Transfer from stage 2 to 3	-	(4,201,369)	4,201,369	-
Transfer from stage 3 to 1	43,295	-	( 43,295)	-
Transfer from stage 3 to 2	-	10,997	( 10,997)	-
New financial assets originated	17,735,174	577,572	8,304,716	26,617,462
Changes in PDs/LGDs/EADs	( 542,199)	3,654,291	( 4,177,832)	( 1,065,740)
Financial assets derecognised during the period	(10,468,816)	( 110,194)	( 7,834,837)	(18,413,847)
At 31 December 2023	<u>24,674,891</u>	<u>811,682</u>	<u>26,447,584</u>	<u>51,934,157</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

##### Maximum exposure to credit risk - Loans receivable

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Credit Union's maximum exposure to credit risk on these assets.

	2024			
	Stage 1	Stage 2	Stage 3	Total
	₤	₤	₤	₤
Performing	4,181,388,768	63,871,322	10,309,244	4,255,569,334
Non-performing	-	-	49,739,971	49,739,971
Gross carrying amount	4,181,388,768	63,871,322	60,049,215	4,305,309,305
Impairment losses on loans	( 29,765,506)	( 700,909)	(38,823,448)	( 69,289,863)
Carrying amount	<u>4,151,623,262</u>	<u>63,170,413</u>	<u>21,225,767</u>	<u>4,236,019,442</u>
	2023			
	Stage 1	Stage 2	Stage 3	Total
	₤	₤	₤	₤
Performing	3,427,011,782	62,919,485	10,378,167	3,500,309,434
Non-performing	-	-	35,158,105	35,158,105
Gross carrying amount	3,427,011,782	62,919,485	45,536,272	3,535,467,539
Impairment losses on loans	( 24,674,891)	( 811,682)	(26,447,584)	( 51,934,157)
Carrying amount	<u>3,402,336,891</u>	<u>62,107,803</u>	<u>19,088,688</u>	<u>3,483,533,382</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

#### Maximum exposure to credit risk - Loans receivable (cont'd)

#### Loans receivable at amortised cost (cont'd)

The following table summarise the Credit Union's credit exposure for loans based on the purpose of the loan:

	<u>2024</u> \$	<u>2023</u> \$
Transportation	1,884,645,966	1,277,330,866
Agriculture	2,450,194	4,008,901
Construction & Real Estate	581,789,825	519,036,626
Education	107,369,557	69,457,272
Debt Finance	655,285,170	872,759,153
Financial	19,978,369	21,644,700
Personal	1,030,899,261	733,118,839
Other	<u>22,890,963</u>	<u>38,111,182</u>
	<u>4,305,309,305</u>	<u>3,535,467,539</u>

Loans are written off, in whole or in part, when the Credit Union has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there are no reasonable expectation of recovery, include ceasing enforceable activity, and where the Credit Union's recovery method is foreclosing on collateral, and the value of the collateral is such that there is no reasonable expectation of recovery in full.

At 31 December 2024, the fair value of collateral held in respect of non-performing loans is \$50,095,433 (2023 - \$24,818,596).

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

##### **Impairment of debt Investments**

The Credit Union used external credit ratings as published by established rating agencies in its assessment of the probability of default on debt investments. The PDs and LGDs for government bonds have been developed by the rating agencies based on statistics on the default loss and rating transition experience of government bond issuers.

The loss allowance on debt investments carried at amortised cost is measured using lifetime PDs. The credit ratings and associated PDs are reviewed and updated on an annual basis.

Based on available credit ratings for debt securities, they were classified in stage 1. As a consequence, management's expectation of default is low. Management did not recognise loss allowance on these assets because the amount was immaterial.

##### **Impairment of resale agreements**

The Credit Union used published external credit rating in assessing the probability of default on resale agreements. The credit ratings and associated PDs are reviewed and updated on an annual basis.

Based on available credit ratings, resale agreements were classified in stage 2 as they were below investment grade as defined by reputable rating agencies.

Other than exposure on Government of Jamaica securities, there is no significant concentration of credit risk related to resale agreements. As a consequence, management's expectation of default is low. No loss allowance was recognized by management because the amount was immaterial.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

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

The Credit Union's liquidity management process, as carried out within the Credit Union, includes:

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

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

The maturities of assets and liabilities and the ability to repay, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.

The Credit Union is subject to a liquidity limit imposed by JCCUL and compliance is regularly monitored. This limit requires that the Credit Union maintain liquid assets amounting to at least 10% of withdrawable saving deposits. The liquid asset ratio at 31 December 2024 was approximately 28.27% (2023: 26.39%) which is in compliance with the standard.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk factors (cont'd)

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

Voluntary shares and some types of saving deposits have no contractual maturity. The amounts have therefore been included in the earliest period payable. Management estimate that the expected cash flows on these instruments will occur much later 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 Credit Union's exposure to liquidity risk or the manner in which it manages and measures this risk.

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Credit Union's financial liabilities based on contractual repayment obligations. The Credit Union expects that many customers will not request repayment on the earliest date the Credit Union could be required to pay. The expected maturity dates of financial liabilities are based on estimates made by management and determined by retention history.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

	Within 1 Month \$	Between 1 and 3 Months \$	Between 3 and 12 Months \$	Between 1 and 5 Years \$	Total Contractual Cashflows \$	Total Carrying Value \$
<b>At 31 December 2024</b>						
Payables	75,085,060	-	-	-	75,085,060	75,085,060
Saving deposits	2,093,893,950	366,459,377	38,686,155	49,995,078	2,549,034,560	2,549,034,560
Loan scheme funds	-	15,064,523	-	-	15,064,523	15,064,523
Voluntary shares	<u>1,849,223,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,849,223,152</u>	<u>1,849,223,152</u>
Total financial liabilities	<u>4,018,202,162</u>	<u>381,523,900</u>	<u>38,686,155</u>	<u>49,995,078</u>	<u>4,488,407,295</u>	<u>4,488,407,295</u>
<b>At 31 December 2023</b>						
Bank overdraft	10,366,166	-	-	-	10,366,166	10,366,166
Payables	83,991,912	-	-	-	83,991,912	83,991,912
Saving deposits	1,437,613,688	17,186,217	608,280,597	325,273,085	2,388,353,587	2,388,236,847
Loan scheme funds	-	15,496,592	-	-	15,496,592	15,496,592
Voluntary shares	<u>1,634,862,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,634,862,109</u>	<u>1,634,862,109</u>
Total financial liabilities	<u>3,166,833,875</u>	<u>32,682,809</u>	<u>608,280,597</u>	<u>325,273,085</u>	<u>4,133,070,366</u>	<u>4,132,953,626</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

Assets available to meet all the liabilities and to cover outstanding loan commitments include cash and bank balances, liquid assets, short-term investments and resale agreements.

The voluntary shares are contractually on call except in cases where these balances are held as security for loans.

#### Items not carried on the statement of financial position

At 31 December 2024, the Credit Union committed to extend credit to members, in respect of loans approved but not yet disbursed of \$4,000,145 (2023: \$6,695,000).

#### (iii) Market risk

The Credit Union takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Finance Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

#### Currency risk

Currency or foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Credit Union manages this risk by ensuring that exposure in foreign assets is kept to an acceptable level by monitoring currency positions.

The Credit Union's exposure to foreign currency risk at statement of financial position date was as follows:

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Currency risk (cont'd)

	<u>2024</u> \$	<u>2023</u> \$
Resale agreements	48,234,158	44,700,536
Financial investments	<u>45,902,306</u>	<u>23,702,692</u>
Net financial asset	<u>94,136,464</u>	<u>68,403,228</u>

##### Foreign currency sensitivity

The following tables indicate the United States Dollar currency to which the Credit Union had significant exposure on its monetary assets and its forecast cash flows. The changes in currency rates below represent management's assessment of the possible change in foreign exchange rates.

	<u>Change in</u> <u>Currency Rate</u> <u>2024</u> %	<u>Effect on</u> <u>Surplus</u> <u>2024</u> \$	<u>% Change in</u> <u>Currency Rate</u> <u>2023</u> %	<u>Effect on</u> <u>Surplus</u> <u>2023</u> \$
Currency:				
USD	+4	3,765,459	+4	2,736,129
USD	<u>-1</u>	<u>( 941,365)</u>	<u>-1</u>	<u>( 684,032)</u>

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2024.

##### Equity price risk

Equity price risk is the risk that the value of a equity securities will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Credit Union is exposed to equity securities price risk arising from its holding of investments measured at fair value through surplus or deficit of \$ 27,827,377 (2023 - \$28,769,729) note 8. Unquoted equities are considered insignificant for equity price risk.

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

##### Equity price risk (cont'd)

The following table indicates the possible impact on the Credit Union's surplus as a result of possible increase/decrease in the equity prices. There were no impact on other comprehensive income.

	<u>Effects on Surplus</u>	
	<u>2024</u>	<u>2023</u>
	\$	\$
<b>Changes in equity prices:</b>		
6% (2023:+6%)	1,669,643	1,726,184
2% (2023:-3%)	( 556,548)	( 863,092)

##### Interest rate risk

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

Floating rate instruments expose the Credit Union to cash flow interest risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest risk.

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

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

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

The following tables summarize the Credit Union's exposure to interest rate risk. They include the Credit Union's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	2024					
	Up to 3 Months \$	Between 3 and 12 Months \$	Between 1 and 5 Years \$	Over 5 Years \$	Non- Interest Bearing \$	Total \$
<b>Financial assets:</b>						
Cash and bank balances	1,395,313	-	-	-	71,482,446	72,877,759
Liquid assets	390,909,859	314,315,925	-	-	15,517,205	720,742,989
Loans receivable	11,854,477	90,487,273	1,558,783,035	2,504,026,021	6,050,945	4,171,201,751
Resale agreements	251,837,634	28,055,818	-	-	12,460,528	292,353,980
Financial investments	-	50,000,000	115,510,453	-	206,889,336	372,399,789
	<u>655,997,283</u>	<u>482,859,016</u>	<u>1,674,293,488</u>	<u>2,504,026,021</u>	<u>312,400,460</u>	<u>5,629,576,268</u>
<b>Financial liabilities:</b>						
Payables	-	-	-	-	75,085,060	75,085,060
Saving deposits	1,959,587,307	44,884,427	50,068,424	-	494,494,402	2,549,034,560
Voluntary shares	1,849,223,152	-	-	-	-	1,849,223,152
Loan scheme funds	-	15,064,523	-	-	-	15,064,523
	<u>3,808,810,459</u>	<u>59,948,950</u>	<u>50,068,424</u>	<u>-</u>	<u>569,579,462</u>	<u>4,488,407,295</u>
Total interest rate sensitivity gap	<u>(3,152,813,176)</u>	<u>422,910,066</u>	<u>1,624,225,064</u>	<u>2,504,026,021</u>	<u>( 257,179,002)</u>	<u>1,141,168,973</u>
Cumulative interest rate gap	<u>(3,152,813,176)</u>	<u>(2,729,903,110)</u>	<u>(1,105,678,046)</u>	<u>1,398,347,975</u>	<u>1,141,168,973</u>	

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

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

	2023					
	Up to 3 Months	Between 3 and 12 Months	Between 1 and 5 Years	Over 5 Years	Non- Interest Bearing	Total
	£	£	£	£	£	£
<b>Financial assets:</b>						
Cash and bank balances	990,481	-	-	-	39,031,328	40,021,809
Liquid assets	393,339,151	245,475,063	-	-	16,968,496	655,782,710
Loans receivable	7,916,901	109,515,044	1,699,093,328	1,602,446,560	6,136,593	3,425,108,426
Resale agreements	621,873,448	17,104,590	-	-	11,221,016	650,199,054
Financial investments	-	138,307,425	155,014,281	21,344,563	122,657,621	437,323,890
	<u>1,024,119,981</u>	<u>510,402,122</u>	<u>1,854,107,609</u>	<u>1,623,791,123</u>	<u>196,015,054</u>	<u>5,208,435,889</u>
<b>Financial liabilities:</b>						
Bank overdraft	6,817,830	-	-	-	3,548,336	10,366,166
Payables	-	-	-	-	83,991,912	83,991,912
Saving deposits	1,902,135,911	-	325,273,085	-	160,827,851	2,388,236,847
Voluntary shares	1,634,862,109	-	-	-	-	1,634,862,109
Loan scheme funds	-	15,496,592	-	-	-	15,496,592
	<u>3,543,815,850</u>	<u>15,496,592</u>	<u>325,273,085</u>	<u>-</u>	<u>248,368,099</u>	<u>4,132,953,626</u>
Total interest rate sensitivity gap	(2,519,695,869)	494,905,530	1,528,834,524	1,623,791,123	(52,353,045)	1,075,482,263
Cumulative interest rate gap	(2,519,695,869)	(2,024,790,339)	(495,955,815)	1,127,835,308	1,075,482,263	

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (iv) Financial risk (cont'd)

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

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

At the date of the statement of financial position, the Interest profile of the Credit Union's interest-bearing financial instruments with variable interest rates were as follows:

	<u>Interest Rate</u>	<u>2024</u>	<u>Interest Rate</u>	<u>2023</u>
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
<b>Financial assets:</b>				
Cash and bank balances	1.05	1,395,313	1.05	990,481
Liquid assets	1.50 - 8.75	705,225,784	0.75 - 8.75	638,814,214
Loans receivable	4.5 - 25	4,305,309,305	4.5 - 25	3,535,467,539
Resale agreements	5.0 - 7.5	279,893,452	4.5 - 8.75	638,978,038
Financial investments	1.75 - 11	<u>38,537,777</u>	2.05 - 11	<u>34,000,000</u>
		<u>5,330,361,631</u>		<u>4,848,250,272</u>
<b>Financial liabilities:</b>				
Saving deposits	0.85 - 4.00	2,054,540,158	0.85 - 4.00	2,227,408,996
Voluntary shares	1.35	1,849,223,152	1.35	1,634,862,109
Bank overdraft		<u>-</u>	1.35	<u>6,817,830</u>
		<u>3,903,763,310</u>		<u>3,869,088,935</u>

##### Interest rate sensitivity analysis

The sensitivity of the surplus is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and 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 2024 as for the prior period.



Effect on surplus			
Change in basis point		Change in basis point	
25 bp increase	50 bp decrease	25 bp increase	25 bp decrease
<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
\$	\$	\$	\$
119,497	(238,994)	110,822	(110,822)

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (v) Operational risk

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

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

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

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

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

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (vi) Capital management

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

- (i) To comply with the capital requirements set by JCCUL and the Bank of Jamaica for the financial sector in which the Credit Union operates;
- (ii) To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns and benefits for members;
- (iii) To maintain a 10% ratio of institutional capital to total assets;
- (iv) To maintain a strong capital base to support the development of its business through the allocation of 20% (minimum) of net surplus to institutional capital; and
- (v) To increase the permanent share capital as the main focus of building institutional capital.

Capital adequacy and the use of regulatory capital are monitored by the Credit Union's management, based on the guidelines in its Capital Asset Management Policy.

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 at or above 10%.

The table below summaries the composition of regulatory capital and the ratios of the Credit Union as at 31 December 2024 and 2023. The total regulatory capital is comprised of institutional capital. During the year, the Credit Union complied with all externally imposed capital requirements to which they are subject.

	<u>Actual</u> <u>2024</u> \$	<u>Required</u> <u>2024</u> \$	<u>Actual</u> <u>2023</u> \$	<u>Required</u> <u>2023</u> \$
Total regulatory capital	<u>945,855,506</u>	<u>564,117,403</u>	<u>907,464,265</u>	<u>452,914,384</u>
Risk - weighted assets:				
Total risk-weighted assets	<u>5,641,174,032</u>		<u>4,529,143,842</u>	
Risk weighted capital adequacy ratio	<u>17%</u>	<u>10%</u>	<u>20%</u>	<u>10%</u>
Total capital ratio	<u>14%</u>	<u>8%</u>	<u>16%</u>	<u>8%</u>

# Notes to the Financial Statements

31 December 2024



## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

### (vi) Capital management (cont'd)

In determining the Credit Union's capital base (Institutional Capital), the Institutional Capital of the acquired Credit Unions, (see below), which merged with JPS & Partners Co-operative Credit Union Limited was included. As at the dates of transfer of engagements/amalgamations, the relevant Credit Unions had Institutional Capital as stated below which comprised the following balances:

	<u>Merger Date</u>	<u>Statutory Reserves</u> ₤	<u>Retained Earnings Reserves</u> ₤
Kirkvine Co-operative Credit Union Limited	1 Aug 2013	60,752,660	34,745,029
Ewarton Co-operative Credit Union Limited	1 Sept 2013	109,323,595	-
Collector General Co-operative Credit Union Limited	1 Oct 2016	<u>43,481,088</u>	<u>10,000,000</u>
		<u>213,557,343</u>	<u>44,745,029</u>

## 5. LIQUID ASSETS:

	<u>2024</u> ₤	<u>2023</u> ₤
(a) The following are cash and cash equivalents for the purposes of the cash flows:		
JCCUL Cuets Settlements	34,072,068	36,883,012
First Heritage Co-operative Credit Union	66,930,562	61,535,849
National Commercial Bank	4,356,920	4,295,201
Jamaica National Building Society Mortgage Fund (i)	10,000,000	10,369,863
JMMB Bank - Certificate of deposits	-	169,274,149
JCCUL Demand Deposits (ii)	<u>70,043,895</u>	<u>79,979,620</u>
	185,403,445	362,337,694
Interest receivable	<u>-</u>	<u>500,142</u>
Balance c/f (page 65)	<u>185,403,445</u>	<u>362,837,836</u>

# Notes to the Financial Statements

31 December 2024



## 5. LIQUID ASSETS (CONT'D):

	<u>2024</u> \$	<u>2023</u> \$
Balance b/f (Page 64):	185,403,445	362,837,836
(b) Deposits:		
JMMB Bank - Certificate of Deposits	233,028,444	-
JCCUL Liquidity Reserve (ii)	302,311,100	292,944,874
	535,339,544	292,944,874
	720,742,989	655,782,710
(i) Jamaica National Building Society Mortgage Fund represents funds held with the institution to secure mortgage facilities which are extended to the members of the Credit Union.		
(ii) JCCUL requires credit unions to hold a monthly minimum average of 8% liquidity reserves with the league as follows:		
- 6% in a liquidity reserve. The credit union receives a 3% return on the amounts held in the liquidity reserve.		
- 2% in a demand deposit account from which regular withdrawals may be made.		

## 6. RESALE AGREEMENTS:

	<u>2024</u> \$	<u>2023</u> \$
Principal	279,893,452	638,978,038
Interest receivable	12,460,528	11,221,016
	292,353,980	650,199,054

The Credit Union entered into resale agreements collateralized by Government of Jamaica Securities. At 31 December 2024, securities totaling \$308,747,015 (2023: \$694,183,742) representing Government of Jamaica Debt Securities and corporate bonds were held as collateral for resale agreements.

These agreements may result in a credit exposure in the event that the counter party to the transaction is unable to fulfill its collateral obligations.

For the purposes of the statement of cash flows an amount of \$106,364,944 (2023: \$605,113,647) is included in cash and cash equivalents (note 10).

# Notes to the Financial Statements

31 December 2024



## 6. RESALE AGREEMENTS (CONT'D):

These resale agreements have a maturity date of 31 - 365 days (2023: 31-365 days).

The Credit Union did not recognize impairment losses on the resale agreements because the amount was immaterial.

Included in these investments is an amount for \$2,921,248 (2023: \$2,680,044) with respect to a Care-A-Bit reserve fund (note 22(e)).

## 7. LOANS RECEIVABLE:

	<u>2024</u> \$	<u>2023</u> \$
(a) Balance at beginning of the year	3,535,467,539	2,921,448,076
Loans granted	<u>2,646,097,839</u>	<u>2,393,234,444</u>
	6,181,565,378	5,314,682,520
Repayments and transfers	<u>(1,876,256,073)</u>	<u>(1,779,214,981)</u>
	4,305,309,305	3,535,467,539
Less impairment allowance (7(d))	<u>( 69,289,863)</u>	<u>( 51,934,157)</u>
Balance at end of year	<u>4,236,019,442</u>	<u>3,483,533,382</u>
Less unamortised loan fees:		
At the beginning of the year	( 64,561,549)	( 44,483,735)
Additions during the year	( 52,137,851)	( 44,330,598)
Fees amortised during the year	<u>45,830,764</u>	<u>24,252,784</u>
Balance at end of the year	<u>( 70,868,636)</u>	<u>( 64,561,549)</u>
	4,165,150,806	3,418,971,833
Interest receivable	<u>6,050,945</u>	<u>6,136,593</u>
Balance at end of year	<u>4,171,201,751</u>	<u>3,425,108,426</u>
Maturity:		
Due within 1 year	102,341,750	117,431,945
Due after 1 year	<u>4,068,860,001</u>	<u>3,307,676,481</u>
	<u>4,171,201,751</u>	<u>3,425,108,426</u>

# Notes to the Financial Statements

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## 7. LOANS RECEIVABLE:

### (a) Loan to members (cont'd)

The profile of the loans receivable is as follows:

	<u>2024</u> \$	<u>2023</u> \$
Loans not past due	4,247,663,753	3,429,728,131
Loans past due:		
1 month - < 2 months	7,905,581	60,540,683
2 - 3 months	7,179,742	10,040,620
4 - 6 months	16,283,693	11,953,287
7 - 12 months	23,896,541	20,593,008
Over 12 months	<u>2,379,995</u>	<u>2,611,810</u>
	<u>4,305,309,305</u>	<u>3,535,467,539</u>

(a) The aggregate amount of non-performing loans on which interest was not being accrued amounted to \$49,739,971 (2023: \$35,158,105). Uncollected interest not accrued in these financial statements on non-performing loans was estimated at \$3,664,868 (2023: \$3,362,386).

(b) The fair value of collateral held as security against impaired loans was \$50,095,433 (2023: \$24,818,596).

(c) The movement in the Impairment losses on loans under the requirements of IFRS is as follows:

	<u>2024</u> \$	<u>2023</u> \$
Balance at beginning of year	51,934,157	44,796,282
Increase in Impairment losses during the year	<u>33,131,285</u>	<u>13,807,547</u>
	85,065,442	58,603,829
Loans written off	<u>(15,775,579)</u>	<u>( 6,669,672)</u>
Balance at end of year	<u>69,289,863</u>	<u>51,934,157</u>

# Notes to the Financial Statements

31 December 2024



## 7. LOANS RECEIVABLE (CONT'D):

(d) The impairment allowance required as per JCCUL regulatory requirements is as follows:

At 31 December 2024:

<u>Months in arrears</u>	<u>Accounts in arrears</u>	<u>Loan amount outstanding</u> \$	<u>Savings held against loans</u> \$	<u>Portion not covered by Savings</u> \$	<u>Level of allowances</u> %	<u>JCCUL allowance</u> \$
2 - 3 months	32	7,179,742	801,927	6,377,815	10	717,974
4 - 6 months	20	16,283,693	823,270	15,460,423	30	4,885,108
7 - 12 months	30	23,896,541	1,305,284	22,591,257	60	14,337,925
Over 12 months	<u>17</u>	<u>2,379,995</u>	<u>305,477</u>	<u>2,074,518</u>	<u>100</u>	<u>2,379,995</u>
Total	<u>99</u>	<u>49,739,971</u>	<u>3,235,958</u>	<u>46,504,013</u>		<u>22,321,002</u>

At 31 December 2023:

<u>Months in arrears</u>	<u>Accounts in arrears</u>	<u>Loan amount outstanding</u> \$	<u>Savings held against loans</u> \$	<u>Portion not covered by Savings</u> \$	<u>Level of allowances</u> %	<u>JCCUL allowance</u> \$
2 - 3 months	34	10,040,620	1,178,706	8,861,914	10	1,004,062
4 - 6 months	48	11,953,287	2,556,119	9,397,168	30	3,585,986
7 - 12 months	65	20,593,008	3,196,360	17,396,648	60	12,355,805
Over 12 months	<u>11</u>	<u>2,611,810</u>	<u>-</u>	<u>2,611,810</u>	<u>100</u>	<u>2,611,810</u>
Total	<u>158</u>	<u>45,198,725</u>	<u>6,931,185</u>	<u>38,267,540</u>		<u>19,557,663</u>

The impairment losses on loans under JCCUL regulatory requirement for 2024 (2023) was not in excess of the provision required under IFRS provisioning rules.

	<u>2024</u> \$	<u>2023</u> \$
Regulatory Impairment allowance on loans per above Impairment allowance based on IFRS 9	22,321,002 <u>69,289,863</u>	19,557,663 <u>51,934,157</u>
Excess of regulatory Impairment losses over IFRS 9 impairment transferred to loan loss reserve	<u>-</u>	<u>-</u>

# Notes to the Financial Statements

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## 8. FINANCIAL INVESTMENTS:

	<u>2024</u> \$	<u>2023</u> \$
<b>Fair value through profit or loss:</b>		
<b>Unit Trust:</b>		
JMMB Optimum Capital (Real Estate) Fund	-	456,185
Scotia Premium fixed income fund	1,729,369	1,693,626
Proven High Yield Fund	5,954,753	5,451,309
Barita Unit Trust Fx Bond Fund	19,506,012	17,722,796
Sagikor Sigma JMD Principal Protector Fund	<u>1,277,426</u>	<u>1,207,246</u>
	<u>28,467,560</u>	<u>26,531,162</u>
<b>Money market funds:</b>		
CUMAX Money Market Fund	1,504,924	1,430,175
JMMB Money Market Fund	19,172,147	17,899,263
Barita Money Market Fund	<u>18,345,690</u>	<u>14,931,423</u>
	<u>39,022,761</u>	<u>34,260,861</u>
<b>Quoted shares:</b>		
Cement Company Limited	1,426,106	1,012,501
National Commercial Bank Jamaica Limited	1,495,023	2,058,966
Barita Investments Limited	21,179,079	22,169,778
Sagikor Select Funds Limited	380,000	295,000
Jamaica Broilers Group Limited	<u>3,347,169</u>	<u>3,233,484</u>
	<u>27,827,377</u>	<u>28,769,729</u>
<b>Total carried forward (page 70)</b>	<u>95,317,698</u>	<u>89,561,752</u>

# Notes to the Financial Statements

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## 8. FINANCIAL INVESTMENTS (CONT'D):

	<u>2024</u> \$	<u>2023</u> \$
Total brought forward (page 69)	95,317,698	89,561,752
<b>Fair value through other comprehensive income:</b>		
<b>Debt instruments:</b>		
Government of Jamaica Bonds	41,446,023	101,432,592
Global Bonds	25,510,453	23,233,677
Interest receivable	885,841	1,663,854
	<u>67,842,317</u>	<u>126,330,123</u>
<b>Unquoted shares:</b>		
JCCUL (i)	13,106,842	13,106,842
Jamaica Co-operative Insurance Agency Limited (ii)	2,000,000	2,000,000
Cumax Wealth Management Limited	4,529,709	4,529,709
Quality Network Co-operative Limited (QNET)	3,202,075	3,202,075
First Heritage Co-operative Credit Union Limited	2,779	2,779
	<u>22,841,405</u>	<u>22,841,405</u>
	<u>90,683,722</u>	<u>149,171,528</u>
<b>Amortised cost:</b>		
<b>Deferred shares:</b>		
COK Co-operative Credit Union Deferred Shares	10,000,000	10,000,000
<b>Corporate bonds:</b>		
Sagikor Investments Jamaica Limited FR		
Unsecured 6.75% Bond	-	20,000,000
CUMAX Wealth Management Limited Secured Bond	40,009,875	40,000,000
Barita Investments Limited FR Unsecured 5% Bond	40,000,000	40,000,000
Cornerstone Group Limited	30,000,000	30,000,000
NCB Financials 7.5% FR Bond	50,000,000	50,000,000
Mayberry Investments 9.75% MJE	10,000,000	-
Interest receivable	6,388,494	8,590,610
	<u>186,398,369</u>	<u>198,590,610</u>
	<u>372,399,789</u>	<u>437,323,890</u>

# Notes to the Financial Statements

31 December 2024



## 8. FINANCIAL INVESTMENTS (CONT'D):

- (i) The rules of JCCUL stipulates that a minimum of one million (1,000,000) shares, each with a par value of \$1.00 must be held with the League for the Credit Union to retain membership status. The equivalent of amounts held in the statutory reserve (Note 20 (i)) must either be used to purchase League shares or placed in League investments.
- (ii) Investment in Jamaica Co-operative Insurance Agency Limited (JCIA) represents 1.67% ownership.
- (iii) Investments in the JCCUL's Mortgage Fund instruments are used to secure joint mortgage facilities, which are extended to the members of the Credit Union.
- (iv) Credit unions are required to invest a minimum of 8% with JCCUL in the form of a demand deposit and liquidity reserve (See note 5); invest a minimum of 10% of members' savings deposits in short-term deposit instruments, and a maximum of 2% with any other financial institution.

## 9. INVESTMENT PROPERTY:

	<u>Land</u> \$	<u>Building</u> \$	<u>Total</u> \$
Balance at 1 January 2024	301,000,000	31,100,000	332,100,000
Addition	-	3,342,265	3,342,265
Fair value gain during the year	<u>137,700,000</u>	<u>21,857,735</u>	<u>159,557,735</u>
Balance at 31 December 2024	<u>438,700,000</u>	<u>56,300,000</u>	<u>495,000,000</u>

- (i) Gross rental income from investment property is disclosed in note 25.
- (ii) Property operating expenses during the year amount to \$2,983,170 (2023: \$3,417,761).
- (iii) The property is located at 37 Lady Musgrave Road and was appraised as at 19 June 2024, by qualified independent valuers, CD Alexander Company Reality Limited. The valuation surplus was credited to the surplus or deficit and transferred to the non-institutional capital revaluation reserve.

# Notes to the Financial Statements

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## 9. INVESTMENT PROPERTY (CONT'D):

- (iv) The fair value measurement for investment properties is classified as Level 3.

Valuation techniques and significant unobservable inputs:

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Sales comparison approach:</i> The approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered and a meaningful unit of comparison is developed.</p> <p>A comparative analysis of the subject is done, involving consideration for differences in location, time, terms of sales and physical characteristics.</p>	Sales of similar properties	<p>The estimated fair value would increase/(decrease) if:</p> <p>Sales prices of similar properties were higher/(lower)</p>

## 10. CASH AND CASH EQUIVALENTS:

	<u>2024</u> \$	<u>2023</u> \$
Cash and cash equivalents in cash flows comprise:		
Cash and bank balances (i)	72,877,759	29,655,643
Liquid assets (note 5)	185,403,445	362,837,836
Resale agreements (note 6)	<u>106,364,944</u>	<u>605,113,647</u>
	<u>364,646,148</u>	<u>997,607,126</u>
(i) Cash and bank balances -		
Cash in transit	-	10,530,661
Cash on hand	4,008,894	10,031,002
Current accounts	<u>68,868,865</u>	<u>19,460,146</u>
	72,877,759	40,021,809
Bank overdraft	<u>-</u>	( 10,366,166)
	<u>72,877,759</u>	<u>29,655,643</u>
(ii) Bank overdraft arose from unrepresented cheques and unprocessed transfers.		

# Notes to the Financial Statements

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## 10. CASH AND CASH EQUIVALENTS (CONT'D):

- (iii) During the year, the Credit Union reclassified the JCCUL Demand Deposit previously not included in cash and cash equivalents. This reclassification resulted in a material change to the prior year's statement of cash flows. Comparatives have been restated to reflect this change, and a reconciliation of the adjusted is presented below:

	As previously reported <u>2023</u> \$	Adjustment \$	As restated <u>2023</u> \$
Statement of cashflows:			
Net cash used in investing activities	( <u>7,105,504</u> )	<u>79,979,620</u>	<u>72,874,116</u>
Decrease in cash and cash equivalents	( <u>279,295,335</u> )	<u>79,979,620</u>	( <u>199,315,715</u> )
Cash and cash equivalents at end of year	<u>917,627,506</u>	<u>79,979,620</u>	<u>997,607,126</u>

## 11. OTHER ASSETS:

	<u>2024</u> \$	<u>2023</u> \$
Prepayments	11,773,286	8,355,426
Withholding tax recoverable	3,047,319	3,047,319
Property, plant and equipment deposit	6,175,501	197,543
Other receivables	<u>3,471,435</u>	<u>5,593,179</u>
	<u>24,467,541</u>	<u>17,193,467</u>

# Notes to the Financial Statements

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## 12. PROPERTY, PLANT AND EQUIPMENT:

	<u>Land &amp; Buildings</u> ₤	<u>Leasehold Improvements</u> ₤	<u>Office Equipment Furniture &amp; Fixtures</u> ₤	<u>Computer Equipment</u> ₤	<u>ATM</u> ₤	<u>Fence &amp; Garden Tools</u> ₤	<u>Total</u> ₤
At cost/ valuation:							
1 January 2023	323,600,000	21,651,628	70,076,207	55,756,610	3,353,073	109,470	474,546,988
Additions	<u>2,195,865</u>	<u>-</u>	<u>1,084,019</u>	<u>1,443,417</u>	<u>1,490,594</u>	<u>-</u>	<u>6,213,895</u>
31 December 2023	325,795,865	21,651,628	71,160,226	57,200,027	4,843,667	109,470	480,760,883
Revaluation	134,204,135	-	-	-	-	-	134,204,135
Additions	<u>-</u>	<u>23,639</u>	<u>2,975,932</u>	<u>4,112,286</u>	<u>-</u>	<u>-</u>	<u>7,111,857</u>
31 December 2024	<u>460,000,000</u>	<u>21,675,267</u>	<u>74,136,158</u>	<u>61,312,313</u>	<u>4,843,667</u>	<u>109,470</u>	<u>622,076,875</u>
Depreciation:							
1 January 2023	6,062,925	5,932,039	61,034,490	53,750,070	2,096,912	109,470	128,985,906
Charge for the year	<u>6,144,512</u>	<u>541,291</u>	<u>2,238,538</u>	<u>1,284,722</u>	<u>589,123</u>	<u>-</u>	<u>10,798,186</u>
31 December 2023	12,207,437	6,473,330	63,273,028	55,034,792	2,686,035	109,470	139,784,092
Eliminated on revaluation	(18,419,306)	-	-	-	-	-	( 18,419,306)
Charge for the year	<u>6,211,869</u>	<u>542,774</u>	<u>2,602,407</u>	<u>1,926,954</u>	<u>658,118</u>	<u>-</u>	<u>11,942,122</u>
31 December 2024	<u>-</u>	<u>7,016,104</u>	<u>65,875,435</u>	<u>56,961,746</u>	<u>3,344,153</u>	<u>109,470</u>	<u>133,306,908</u>
Net book value:							
31 December 2024	<u>460,000,000</u>	<u>14,659,163</u>	<u>8,260,723</u>	<u>4,350,567</u>	<u>1,499,514</u>	<u>-</u>	<u>488,769,967</u>
31 December 2023	<u>313,588,428</u>	<u>15,178,298</u>	<u>7,887,198</u>	<u>2,165,235</u>	<u>2,157,632</u>	<u>-</u>	<u>340,976,791</u>

# Notes to the Financial Statements

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## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

As of 19 June 2024, the fair value of land and building was appraised by the C. D. Alexander Company Realty Limited, an independent qualified valuator. The valuation surplus was credited to other comprehensive income and is shown in non-institutional capital (capital/ revaluation reserves).

The fair value measurement of the property, plant, and equipment has been categorized as level 3 for fair value, based on inputs to the valuation technique relating to the sales comparison approach (see note 9). A reconciliation to the closing fair value balance is as follows:

	<u>2024</u> \$	<u>2023</u> \$
Opening balance	313,588,428	317,537,075
Addition during the year	-	2,195,865
Revaluation	152,623,441	-
Depreciation	( 6,211,869)	( 6,144,512)
	<u>460,000,000</u>	<u>313,588,428</u>

The historical carrying value of land and building was \$22,457,231 (2023: \$24,796,043).

## 13. INTANGIBLE ASSET:

	<u>Computer Software</u> \$
At cost:	
31 December 2023 and 2024	<u>86,136,271</u>
Accumulated amortisation:	
1 January 2023	79,392,302
Charge for the year	<u>2,477,431</u>
31 December 2023	81,869,733
Charge for the year	<u>1,592,497</u>
31 December 2024	<u>83,462,230</u>
Net book value:	
31 December 2024	<u>2,674,041</u>
31 December 2023	<u>4,266,538</u>

# Notes to the Financial Statements

31 December 2024



## 14. RETIREMENT BENEFIT ASSET:

The Credit Union participates in a multi-employer, defined benefit pension scheme, which is open to all permanent employees and administered by CUMAX Wealth Management Limited. The plan provides benefits to members based on average earnings for their final 3 years of service, with the Credit Union and employees each contributing 8% and 5% (up to 12%) of pensionable salaries. The plan is valued annually by independent actuaries using the projected unit credit method. Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding; the latest such valuation, being as at 31 December 2024, revealed that the plan was adequately funded as at that date.

The Trustees of the pension plan is composed of five (5) representatives from the various employers, two (2) representatives from employees and one (1) from pensioners. The Trustees of the plan is responsible for the investment policy with regards to the assets of the plan. The plan is managed by the Cumax Wealth Management Limited under a management agreement.

The plan was closed to new members effective 31 December 2016. New employees participate in a defined contribution multi-employer pension plan operated by JCCUL.

- (a) The defined benefit asset recognised in the statement of financial position was determined as follows:

	<u>2024</u> £	<u>2023</u> £
Fair value of plan assets	258,645,000	242,591,000
Present value of funded obligations	(192,248,000)	(171,116,000)
Effects of asset ceiling	( 31,344,000)	( 30,180,000)
	<u>35,053,000</u>	<u>41,295,000</u>

- (b) The movement in the amounts recognised in the statement of financial position:

	<u>2024</u> £	<u>2023</u> £
Balance at beginning of year	41,295,000	14,074,000
Contributions paid	3,202,000	3,743,000
Pension expense recognised in surplus	( 1,242,000)	( 962,000)
Re-measurement recognised in other comprehensive income	( 8,202,000)	24,440,000
Balance at end of year	<u>35,053,000</u>	<u>41,295,000</u>

# Notes to the Financial Statements

31 December 2024



## 14. RETIREMENT BENEFIT ASSET (CONT'D):

- (c) The movement in the present value of the defined benefit obligation during the year was as follows:

	<u>2024</u> \$	<u>2023</u> \$
Balance at beginning of year	171,116,000	107,796,000
Current service cost	4,932,000	2,190,000
Interest cost	18,223,000	13,939,000
Members' contribution	3,171,000	3,421,000
Benefits paid	( 10,902,000)	( 1,140,000)
	<u>186,540,000</u>	<u>126,206,000</u>
Re-measurement:		
(Gains)/losses from change in financial assumptions	12,915,000	45,292,000
Experience losses/(gains)	( 7,207,000)	( 382,000)
	<u>5,708,000</u>	<u>44,910,000</u>
Balance at end of the year	<u>192,248,000</u>	<u>171,116,000</u>

- (d) The movement in the fair value of plan assets during the year was as follows:

	<u>2024</u> \$	<u>2023</u> \$
At beginning of year	242,591,000	220,311,000
Interest income on plan assets	26,436,000	29,032,000
Employer contributions	3,202,000	3,743,000
Employee contributions	3,171,000	3,421,000
Benefits paid	( 10,902,000)	( 1,140,000)
Administrative expenses re-measurement	( 1,203,000)	( 1,068,000)
Return on plan assets	( 4,650,000)	( 11,708,000)
	<u>258,645,000</u>	<u>242,591,000</u>

# Notes to the Financial Statements

31 December 2024



## 14. RETIREMENT BENEFIT ASSET (CONT'D):

(d) The movement in the fair value of plan assets during the year was as follows (cont'd):

The pension plan assets are allocated to the Credit Union based on its obligations as a proportion of the total obligations of the plan. Plan assets are comprised as follows:

	2024			
	Quoted \$	Unquoted \$	Total \$	%
Equity securities	58,419,000	-	58,419,000	22.59
Real estate		59,888,000	59,888,000	23.15
Government of Jamaica securities		94,402,000	94,402,000	36.50
Resale agreements		17,646,000	17,646,000	6.82
Other	-	28,290,000	28,290,000	10.94
	<u>58,419,000</u>	<u>200,226,000</u>	<u>258,645,000</u>	<u>100</u>

	2023			
	Quoted \$	Unquoted \$	Total \$	%
Equity securities	49,663,000	-	49,663,000	20.47
Real estate	-	55,474,000	55,474,000	22.87
Government of Jamaica securities	-	101,546,000	101,546,000	41.86
Resale agreements	-	12,304,000	12,304,000	5.07
Other	-	23,604,000	23,604,000	9.73
	<u>49,663,000</u>	<u>192,928,000</u>	<u>242,591,000</u>	<u>100</u>

(e) The movement in the asset ceiling is as follows:

	2024 \$	2023 \$
Effect of asset ceiling at beginning of period	30,180,000	98,441,000
Interest on effect of asset ceiling	3,320,000	12,797,000
Change in effect on asset ceiling	( 2,156,000)	(81,058,000)
Effect of asset ceiling at end of period	<u>31,344,000</u>	<u>30,180,000</u>

# Notes to the Financial Statements

31 December 2024



## 14. RETIREMENT BENEFIT ASSET (CONT'D):

(f) The amounts recognised in the income statement are as follows:

	<u>2024</u> \$	<u>2023</u> \$
Current service cost	4,932,000	2,190,000
Interest cost	18,223,000	13,939,000
Interest income	(26,436,000)	(29,032,000)
Interest on effect of asset ceiling	3,320,000	12,797,000
Administrative expenses	<u>1,203,000</u>	<u>1,068,000</u>
Net pension expense included in staff costs (note 26)	<u>1,242,000</u>	<u>962,000</u>

The total charge was included in administration expenses in the statement of surplus or deficit.

Expected contributions to the plan for the year ending 31 December 2025 is \$2,750,000 (2024: \$3,700,000).

(g) Amounts recognised in other comprehensive income:

	<u>2024</u> \$	<u>2023</u> \$
Re-measured losses on obligation	5,708,000	44,910,000
Re-measured losses on plan assets	4,650,000	11,708,000
Changes in effect of assets ceiling	<u>(2,156,000)</u>	<u>(81,058,000)</u>
	<u>8,202,000</u>	<u>(24,440,000)</u>

# Notes to the Financial Statements

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## 14. RETIREMENT BENEFIT ASSET (CONT'D):

- (h) The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan, and experience adjustments for plan assets and liabilities are as follows:

	<u>2024</u> \$	<u>2023</u> \$	<u>2022</u> \$	<u>2021</u> \$	<u>2020</u> \$
Fair value of plan assets	258,645,000	242,591,000	220,311,000	218,422,000	203,959,000
Defined benefits obligation	(192,248,000)	(171,116,000)	(107,796,000)	(146,689,000)	(128,070,000)
Surplus	<u>66,397,000</u>	<u>71,475,000</u>	<u>112,515,000</u>	<u>71,733,000</u>	<u>75,889,000</u>
Experience adjustments:					
Fair value of plan assets	( 4,650,000)	( 11,708,000)	( 17,188,000)	( 8,021,000)	( 2,260,000)
Defined benefits obligation	( <u>7,207,000</u> )	( <u>382,000</u> )	<u>4,487,000</u>	( <u>3,615,000</u> )	( <u>1,947,000</u> )

- (i) The principal actuarial assumptions used were as follows:

	<u>2024</u> %	<u>2023</u> %
Discount rate	9.50	11.00
Salary increase	7.00	8.00
Price Inflation	5.00	6.00
Future pension increases	<u>5.00</u>	<u>6.00</u>

- (j) Sensitivity analysis on projected benefit obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some reduction in the medical trend rate.

# Notes to the Financial Statements

31 December 2024



## 14. RETIREMENT BENEFIT ASSET (CONT'D):

### (j) Sensitivity analysis on projected benefit obligation (cont'd)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	<u>2024</u>		<u>2023</u>	
	<u>+1%</u>	<u>-1%</u>	<u>+1%</u>	<u>-1%</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Discount rate	(22,585,000)	28,166,000	(21,513,000)	27,062,000
Future salary increases	6,263,000	( 5,562,000)	7,774,000	( 6,907,000)
Future pension increases	<u>19,628,000</u>	<u>(16,623,000)</u>	<u>16,734,000</u>	<u>(14,175,000)</u>

### (k) Liability duration

	<u>2024</u>	<u>2023</u>
	<u>Years</u>	<u>Years</u>
Active members	14.7	15.8
Deferred pensioners	19.1	19.5
Retirees	10.7	9.0
All participants	<u>14.3</u>	<u>15.6</u>

- (l) As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the defined benefit obligation of an increase of one (1) year in the life expectancy is approximately \$4,760,000 (2023: \$4,170,000).

### Risks associated with pension plans

Through its defined benefit pension the Credit Union is exposed to a number of risks, the most significant of which are detailed below:

#### Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets under-perform this will create a deficit.

As the plan matures, the Credit Union intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

# Notes to the Financial Statements

31 December 2024



## 14. RETIREMENT BENEFIT ASSET (CONT'D):

### Asset volatility (cont'd)

The Credit Union believes that due to the long-term nature of the plan's liabilities, a level of continuing equity investment is an appropriate element of the Credit Union's long term strategy to manage the plans efficiently.

### Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

### Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

### Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

## 15. VOLUNTARY SHARES:

	<u>2024</u> \$	<u>2023</u> \$
Balance at beginning of year	1,634,862,109	1,526,719,452
Shares deposited	<u>1,105,584,790</u>	<u>924,687,932</u>
	2,740,446,899	2,451,407,384
Shares withdrawn	<u>( 891,223,747)</u>	<u>( 816,545,275)</u>
Balance at end of year	<u>1,849,223,152</u>	<u>1,634,862,109</u>

# Notes to the Financial Statements

31 December 2024



## 16. SAVING DEPOSITS:

	<u>2024</u> \$	<u>2023</u> \$
(a) On call	48,374,553	39,614,976
Easy access deposits	<u>78,229,976</u>	<u>58,736,361</u>
	126,604,529	98,351,337
(b) Special deposits	980,694,843	855,491,856
(c) Life long savings	341,788,204	325,273,085
(d) Fixed deposits	964,458,935	971,242,158
(e) Mortgage deposits	2,407,324	2,168,297
(f) Partner plan savings	37,081,866	39,104,079
(g) Golden Harvest savings deposits	24,190,714	33,565,216
(h) Staff and Christmas savings	102,391	2,732,602
(i) Motor savings	58,863,516	51,346,555
(j) Members' mortgage	<u>9,738,710</u>	<u>6,747,347</u>
	2,545,931,032	2,386,022,532
Interest accrued	<u>3,103,528</u>	<u>2,214,315</u>
	<u>2,549,034,560</u>	<u>2,388,236,847</u>
Maturity:		
Due within 1 year	2,004,471,734	2,063,080,502
Due after 1 year	<u>544,562,826</u>	<u>325,156,345</u>
	<u>2,549,034,560</u>	<u>2,388,236,847</u>

## (a) On call and easy access deposits:

	<u>2024</u> \$	<u>2023</u> \$
Balance at 1 January	98,351,331	91,947,411
Add deposits	<u>1,506,554,411</u>	<u>11,574,105,414</u>
	1,604,905,742	11,666,052,825
Less withdrawal & transfers	<u>(1,478,301,213)</u>	<u>(11,567,701,488)</u>
Balance at 31 December	<u>126,604,529</u>	<u>98,351,337</u>

# Notes to the Financial Statements

31 December 2024



## 16. SAVING DEPOSITS (CONT'D):

### (a) On call and easy access deposits (cont'd)

These are regular or ordinary deposits used primarily for standing order payments or assisting members to gain access through the ATM Banking Facility. No interest is paid on these accounts.

### (b) Special deposits

Special deposits are for varying periods up to 365 days on which interest is paid at rates between 0.85% and 1.85% (2023: 0.85% and 1.85%) per annum.

### (c) Life long savings

Life long saving deposits are for a minimum of five (5) years on which interest is paid at rates between 2% and 3.85% (2023: 2% and 3.85%) per annum.

### (d) Fixed deposits

These represents amounts placed for fixed period at fixed rates between 1.75% and 4% (2023: 1.75% and 4.00%) per annum.

### (e) Mortgage deposits

These represent deposits by members who access mortgage and home equity loans. They are required to make monthly deposits to this account until the loan is repaid. Payments are made on behalf of the members for peril insurance and life insurance when due.

### (f) Partner plan savings

These are savings by members towards their short term goals. It ranges from a minimum period of 16 weeks to a maximum of 48 weeks. Bonuses are paid according to the period of the savings.

### (g) Golden Harvest saving deposits

The Golden Harvest Savings Deposits account allows the member to save towards a goal while insuring the amount of their goal. Fixed amount deposits are made monthly and earn interest at rate of 3% (2023: 3.00%) per annum.

### (h) Staff and Christmas savings

These are savings by members and staff towards Christmas expenses. Interest is paid at 4% (2023:3.5%) per annum.

# Notes to the Financial Statements

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## 16. SAVING DEPOSITS (CONT'D):

### (i) Motor savings

These represent compulsory savings for members who have motor vehicle loans. Members are not permitted to access these funds until the loan is cleared and also works as a "cushion" to minimize the loss should the account fall in arrears.

### (j) Members' mortgage

These represent an escrow account for members who have received a mortgage through the Credit Union.

## 17. LOAN SCHEME FUNDS:

	<u>JPS Housing Loan \$</u>	<u>JPS Computer Loan \$</u>	<u>JPS Education Loan \$</u>	<u>JEP Loan Scheme \$</u>	<u>Total \$</u>
<u>2024</u>					
Balance at 1 January 2024	130,292	4,000,000	5,726,063	5,640,237	15,496,592
Loan repayments with interest	-	-	350,332	5,734,424	6,084,756
Loans disbursed to members	-	-	( 450,000)	(6,066,825)	( 6,516,825)
Balance at 31 December 2024	<u>130,292</u>	<u>4,000,000</u>	<u>5,626,395</u>	<u>5,307,836</u>	<u>15,064,523</u>
<u>2023</u>					
Balance at 1 January 2023	130,292	4,000,000	5,567,729	4,660,711	14,358,732
Loan repayments with interest	-	-	340,334	5,871,026	6,211,360
Loans disbursed to members	-	-	( 182,000)	(4,891,500)	( 5,073,500)
Balance at 31 December 2023	<u>130,292</u>	<u>4,000,000</u>	<u>5,726,063</u>	<u>5,640,237</u>	<u>15,496,592</u>

# Notes to the Financial Statements

31 December 2024



## 17. LOAN SCHEME FUNDS (CONT'D):

The Credit Union manages the funds through the assessment, evaluation of loan applications from qualified members and the disbursement of the loans. The Credit Union is also responsible for the collection of loan payments and the investment of un-loaned funds. All expenditure incurred in the provision of the financial services are charged to the fund and interest earned on un-loaned funds are credited. The Credit Union earns a management fee for the provision of the various financial services provided in the management of the funds.

### (i) JPS Housing Loan

This facility was entered into with the Jamaica Public Service Company Limited, to provide loans to their employees who are members of the Credit Union to assist them in the acquisition of property, repairs and construction of homes. The maximum available to each employee is \$200,000 at an interest rate of 12% (2023: 12%).

### (ii) JPS Computer Loan

This facility was entered into with the Jamaica Public Service Company Limited, to provide loans to their employees who are members of the Credit Union to purchase computers. The maximum available is \$100,000 at an interest rate of 12% (2023: 12%) repayable over 24 months.

### (iii) JPS Education Loan

This facility was entered into with the Jamaica Public Service Company Limited, for their employees who are members of the Credit Union, to assist with back to school expenses for their children.

### (iv) Jamaica Energy Partners Loan Scheme

The Jamaica Energy Partners provided an initial \$1,500,000 for this loan facility for its staff members. The maximum amount of loan available per member is \$150,000 repayable over 24 months. Selection of persons eligible for this loan is done by the management of the company and sent to the Credit Union for evaluation and processing.

# Notes to the Financial Statements

31 December 2024



## 18. PAYABLES:

	<u>2024</u> \$	<u>2023</u> \$
Dividend payable	556,335	-
Stale - dated cheques	1,002,211	1,002,211
Commission payable (FIP)	4,513,594	3,669,881
Accrued expenses	27,954,081	33,630,205
Decreased members' accounts	13,664,344	12,542,492
Honorarium payable	378,552	4,083,146
Audit and accounting fees	11,003,072	7,340,572
Cuets ATM Settlement	( 1,931,792)	6,233,749
Other payables	<u>17,944,663</u>	<u>15,489,656</u>
<b>Total financial liabilities measured at amortised cost</b>	<b>75,085,060</b>	<b>83,991,912</b>
Withholding tax	10,099,619	7,380,800
Statutory contributions payable	6,954,158	3,819,630
Other	<u>1,291,995</u>	<u>1,332,925</u>
	<u>93,430,832</u>	<u>96,525,267</u>

## 19. DEFERRED CREDIT:

This represents an injection by JCCUL to offset the cost of IFRS 9 implementation. The Credit Union has continued to allocate funds to facilitate annual upgrades.

# Notes to the Financial Statements

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## 20. INSTITUTIONAL CAPITAL:

	<u>2024</u> £	<u>2023</u> £
(i) Statutory reserve -		
Balance at beginning of year	<u>472,872,239</u>	<u>458,504,694</u>
Movement during the year:		
20% of net surplus before Honorarium	18,828,375	14,367,545
Additional amount transferred from surplus	<u>3,043,461</u>	<u>-</u>
	<u>21,871,836</u>	<u>14,367,545</u>
Balance at end of year	<u>494,744,075</u>	<u>472,872,239</u>
(iv) Revenue reserve	67,938,043	56,938,043
(v) Permanent share	85,562,911	80,043,506
(iv) Business combination reserve	<u>297,610,477</u>	<u>297,610,477</u>
	<u>451,111,431</u>	<u>434,592,026</u>
	<u>945,855,506</u>	<u>907,464,265</u>

Institutional capital forms a part of the permanent capital of the Credit Union and is not available for distribution.

### (i) Statutory reserve

The statutory reserve is maintained in accordance with the provisions of the Co-operative Societies Act which requires that a minimum of 20% of the net income before honoraria be carried to a reserve fund. A Registered Society may apply to the Registrar to allow the required percentage to be reduced but not below 10%.

### (ii) Revenue reserve

This reserve represent the appropriations by members at the annual general meetings to be set aside for strengthening the capital base of the Credit Union.

# Notes to the Financial Statements

31 December 2024



## 20. INSTITUTIONAL CAPITAL (CONT'D):

### (iii) Permanent shares

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

	<u>2024</u> \$	<u>2023</u> \$
Balance at beginning of the year	80,043,506	69,358,509
Appropriation during the year	-	10,140,053
Additions during the year	<u>5,519,405</u>	<u>544,944</u>
Balance at end of year	<u>85,562,911</u>	<u>80,043,506</u>

Permanent shares are issued at a par value of \$1 per share and they form part of the permanent capital of the Credit Union [note 3(l)].

### (iv) Business combination reserve

The business combination reserve is a reserve arising on the merger of two or more co-operatives and is not available for distribution. It is being retained to maintain the capital base of the Credit Union.

## 21. NON-INSTITUTIONAL CAPITAL:

	<u>2024</u> \$	<u>2023</u> \$
Unrealized fair value gains on property, plant and equipment	475,359,370	322,735,929
Unrealized fair value gains on Investment property	<u>477,990,319</u>	<u>318,432,584</u>
Capital/revaluation reserve	953,349,689	641,168,513
Investment reserve	12,060,030	12,432,201
Other non-qualifying reserves (Notes 22)	163,090,253	153,973,160
Retirement benefit reserve (Note 14)	35,053,000	41,295,000
Undistributed surplus (Page 8&9)	<u>54,212,295</u>	<u>37,280,588</u>
	<u>1,217,765,267</u>	<u>886,149,462</u>

# Notes to the Financial Statements

31 December 2024



## 22. OTHER NON-QUALIFYING RESERVES:

	1 January 2024 \$	Disbursements \$	Appropriations \$	31 December 2024 \$
(a) General reserve	10,820,670			10,820,670
(a) Scholarship fund	2,173,059	( 1,827,082)	3,500,000	3,845,977
(b) Youth programme reserve	2,198,500	-	-	2,198,500
(c) Care-A Bit reserve	4,087,000	( 300,000)	-	3,787,000
(d) Software reserve	64,524,782	(11,745,240)	6,000,000	58,779,542
(e) Redemption reserve	1,541,020	( 571,585)		969,435
(f) 60 <sup>th</sup> Anniversary celebration	3,326,951	-	-	3,326,951
(g) Building reserve	24,613,009	-	7,000,000	31,613,009
(h) Organisational re-alignment	26,688,169	-	5,000,000	31,688,169
(i) Branch office upgrade	14,000,000	-	-	14,000,000
(j) Reserve Disaster Fund	-	-	2,061,000	2,061,000
	<u>153,973,160</u>	<u>(14,443,907)</u>	<u>23,561,000</u>	<u>163,090,253</u>

	1 January 2023 \$	Disbursements \$	Appropriations \$	31 December 2023 \$
(a) General reserve	10,820,670	-	-	10,820,670
(k) Scholarship fund	2,522,998	( 2,849,939)	2,500,000	2,173,059
(l) Youth programme reserve	2,198,500	-	-	2,198,500
(m) Care-A Bit reserve	4,087,000	-	-	4,087,000
(n) Software reserve	55,524,782	-	9,000,000	64,524,782
(o) Redemption reserve	2,085,750	( 544,730)	-	1,541,020
(p) 50 <sup>th</sup> Anniversary celebration	3,326,951	-	-	3,326,951
(q) Building reserve	17,613,009	-	7,000,000	24,613,009
(r) Organisational re-alignment	26,688,169	-	-	26,688,169
(s) Branch office upgrade	14,000,000	-	-	14,000,000
(t) Business strategy development	-	( 2,500,000)	2,500,000	-
	<u>138,867,829</u>	<u>( 5,894,669)</u>	<u>21,000,000</u>	<u>153,973,160</u>

### (a) General reserve

This reserve is used for any general assistance that the Credit Union approves.

# Notes to the Financial Statements

31 December 2024



## 22. OTHER NON-QUALIFYING RESERVES (CONT'D):

### (b) Scholarship fund

This fund was established to assist members children who qualified for assistance for education after successfully completing the Primary Exit Profile (PEP) examinations. The Albert Morris and the Carl Little Scholarships are also facilitated from this reserve to members or members' children who has been accepted to attend a recognised local university to pursue a course in business or computer studies etc. and covers tuition for the three years. The scholarship is also available to eligible persons selected to pursue an undergraduate degree in engineering at the University of Technology, Jamaica (UTECH).

### (c) Youth programme reserve

This reserve is used to provide assistance for the advancement of the Credit Union's youth through the staging of various events.

### (d) Care-A-Bit reserve

This is used to assist members who suffer major illnesses or are affected by natural disasters.

### (e) Software reserve

This reserve is to be used for any major purchases or upgrade of software.

### (f) Redemption reserve

This reserve is to be used for the purchase of sale of shares to or from members.

### (g) 60<sup>th</sup> anniversary celebration

This amount was set aside from the surplus for the commemoration of the sixtieth (60) anniversary of the Credit Union.

### (h) Building reserve

This reserve is intended to be used towards the construction of new office building at Lady Musgrave Road, in Kingston.

### (i) Organisational re-alignment

This reserve will be used in organizational re-alignment, for staff cost.

### (j) Branch office upgrade

This reserve will be used to upgrade the aesthetic of the branches.

# Notes to the Financial Statements

31 December 2024



## 23. APPROPRIATION OF SURPLUS:

	<u>2024</u>	<u>2023</u>
	\$	\$
Special Disaster Grant	2,061,000	-
Scholarship fund	3,500,000	2,500,000
Software reserve	6,000,000	9,000,000
Branch office upgrade/Infrastructure	7,000,000	7,000,000
Organizational re-alignment/Business Strategy Development	5,000,000	2,500,000
Dividend on permanent shares	8,004,351	5,856,239
Life long savers	6,505,462	-
Patronage refund	-	6,024,494
Institutional capital	<u>11,000,000</u>	<u>10,140,053</u>
	<u>49,070,813</u>	<u>43,020,786</u>

## 24. OTHER FINANCIAL COSTS:

	<u>2024</u>	<u>2023</u>
	\$	\$
Life savings & loan protection insurance	15,191,870	13,255,493
Bond insurance	2,887,296	2,865,306
Bond premium amortisation	<u>-</u>	<u>949,752</u>
	<u>18,079,166</u>	<u>17,070,551</u>

## 25. NON-INTEREST INCOME:

	<u>2024</u>	<u>2023</u>
	\$	\$
Fees:		
- Service fees	5,204,667	4,141,663
- Other fees & charges	2,085,003	2,520,452
Dividends income	1,734,231	2,359,542
Fair value loss on investments	( 942,351)	( 7,124,453)
Rental income (note 9)	11,613,093	10,012,449
Gain/losses on foreign exchange	941,684	2,756,517
FIP Income	3,395,245	3,329,794
Loan recoveries	2,279,382	60,000
Miscellaneous	<u>2,590,671</u>	<u>718,841</u>
	<u>28,901,625</u>	<u>18,774,805</u>

# Notes to the Financial Statements

31 December 2024



## 26. OPERATING EXPENSES:

	<u>2024</u> \$	<u>2023</u> \$
Administrative:		
Depreciation & amortization	13,534,619	13,275,617
Auditors' remuneration	9,700,000	9,573,147
Electricity	6,315,927	6,257,962
Repairs & maintenance	9,452,380	10,707,822
Telecommunications	4,630,786	2,412,731
Printing, stationery & supplies	6,240,673	6,847,553
Insurance premiums	11,030,648	7,812,453
Easy access expense	3,699,311	7,284,063
Professional & consulting fees	10,796,111	6,286,951
Postage	610,520	531,706
Security	24,857,156	19,040,305
Subscriptions	316,086	416,097
Computer	33,157,300	34,939,693
Rental	4,164,148	5,601,359
Other administrative	4,481,274	3,680,612
Internal audit	2,137,068	3,508,180
COVID-19	-	4,500
Members' refreshment	<u>3,281,834</u>	<u>2,972,526</u>
	<u>148,405,841</u>	<u>141,153,277</u>
Marketing & Promotion:		
Publicity & promotion	8,288,718	4,297,066
Public relations	<u>697,778</u>	<u>978,062</u>
	<u>8,986,496</u>	<u>5,275,128</u>
Representation & Affiliation:		
League & other dues	18,880,359	14,912,892
Seminars & meetings	14,939,564	14,608,564
Annual general meeting	<u>4,929,323</u>	<u>5,499,884</u>
	<u>38,749,246</u>	<u>35,021,340</u>
Balance carried forward to page 94	<u>196,141,583</u>	<u>181,449,745</u>



**ANNUAL  
REPORT**

**2024**

**AUDITED  
FINANCIAL  
STATEMENTS**

	<u>2024</u>	<u>2023</u>
	<u>₹</u>	<u>₹</u>
(a) Loan balances (including accrued interest) -		
Board and committee members	29,378,594	32,320,346
Relatives of connected parties	34,906,318	26,398,499
Members of staff	<u>64,640,400</u>	<u>67,350,238</u>

# Notes to the Financial Statements

31 December 2024



## 27. RELATED PARTY TRANSACTIONS:

The Credit Union entered into the following transactions with related parties (cont'd):

### (b) Deposits (including interest) (cont'd) -

	<u>2024</u> \$	<u>2023</u> \$
Board and committee members	15,282,547	14,785,742
Relatives of connected parties	16,249,667	25,065,392
Members of staff	<u>16,360,986</u>	<u>22,773,389</u>

### (c) Compensation of key management personnel -

The remuneration of key members of management during the year was as follows-

	<u>2024</u> \$	<u>2023</u> \$
Salaries and other short-term benefits	46,165,602	39,296,110
Post employment benefits	<u>7,172,014</u>	<u>502,998</u>
	<u>53,337,616</u>	<u>39,799,108</u>

Their remuneration is determined by the Board of Directors, having regard to their performance and prevailing macro-economic factors. The remuneration of key members of management is subject to review annually.

Post employment benefits represent employee's contribution to the pension scheme.

## 28. INSURANCE:

### (a) Fidelity Insurance Coverage -

During the year, the Credit Union had fidelity insurance coverage with British Caribbean Insurance Company Limited. The total premium for the year was \$2,811,161 (2023: \$2,811,161).

### (b) Life Savings and Loan Protection Coverage -

During the year, the Credit Union had life savings and loan protection coverage with Cuna Caribbean Insurance Company Limited. The total premium for the year was \$15,191,870. (2023: \$13,255,493).

# Notes to the Financial Statements

31 December 2024



## 28. INSURANCE (CONT'D):

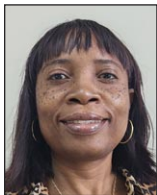
### (c) Golden Harvest Premium Insurance Coverage -

During the year, the Credit Union had insurance coverage with Cuna Caribbean Insurance Company Limited. The total premium for the year was \$76,134 (2023: \$54,145). These policies remained in force throughout the year with all premiums being paid promptly.

## 29. COMPARISON OF LEDGER BALANCES:

	Loans to member \$	Savings Deposits \$	Voluntary Share \$	Permanent Share \$
<b>2024</b>				
Balance as per general ledger	4,308,441,184	2,545,931,115	1,849,223,158	85,562,911
Balance as per members ledger	<u>4,308,437,634</u>	<u>2,545,931,038</u>	<u>1,849,223,152</u>	<u>85,562,911</u>
	<u>3,550</u>	<u>77</u>	<u>6</u>	<u>-</u>
Difference				
<b>2023</b>				
Balance as per general ledger	3,538,099,154	2,386,022,532	1,634,833,315	69,903,453
Balance as per members ledger	<u>3,538,099,907</u>	<u>2,386,022,493</u>	<u>1,634,833,315</u>	<u>69,903,453</u>
Difference	( <u>753</u> )	<u>39</u>	<u>-</u>	<u>-</u>

# Credit Committee Report



Caphanne March



Courtney Harrison



Anthony Cameron



Courtney Whyte



Rashema Stanford

## INTRODUCTION

The Credit Committee has overall responsibility for the Credit Union’s loan portfolio and credit administration as guided by the Credit Policy established by the Board of Directors. However, the Credit Committee may delegate some of its responsibilities to the Credit Department. The Credit Committee is to assist in the promotion of thrift and the encouragement of wise use of credit.

With high employment levels and a multi-faceted marketing approach offering a wider variety of products, the committee anticipated greater demand for loans. The committee therefore undertook its mandate responsibly and exercised due diligence while being mindful of the financial wellbeing of the members. Loans were assessed as expeditiously as possible and approved as necessary. The efforts of the committee have contributed to the achievement of 21.78% in growth of the loan portfolio in all areas.

## THE COMMITTEE

The membership of the Committee for the year 2024 consisted of two (2) previous members and two (2) new members who were elected at the July 2024 Annual General Meeting. The members are as follows:

Name	Appointment Status
Caphanne March	January – December 2024
Courtney Harrison	Effective July 2024
Anthony Cameron	January – December 2024
Courtney Whyte	Retired and Re-elected July 2024
Rashema Stanford	Effective July 2024
Diedre Codner Campbell	Demitted Office July 2024
Nerine Brown	Demitted Office July 2024

The committee held its inaugural meeting on August 8, 2024, where Ms. Caphanne March was elected as Chairperson and Mr. Courtney Harrison as Secretary.

## MONTHLY MEETINGS

Meetings are scheduled for the 1st Friday of each month. Details of meetings for 2024 are outlined in the table below.

Name of Member	Possible Meetings	Attendance
Diedre Codner Campbell	7	7
Nerine Brown	7	7
Caphanne March	12	12
Anthony Cameron	12	12
Courtney Whyte	12	12
Rashema Stanford	5	5
Courtney Harrison	5	3

## ENGAGEMENT

Over the period, the Credit Committee continued with engaging the Credit Department to ensure that its role aligns with the targets of the Credit Union and in keeping with the relevant legislative framework. Members participated in five (5) joint committee meetings to review loan applications for connected parties in accordance with regulatory requirements. In addition to same, the Acting Credit Manager was invited to participate in the Strategic Planning Meeting held in December 2024.

The committee reviewed/approved loans equal to or greater than \$4 Million in value.

## LOANS DISBURSED

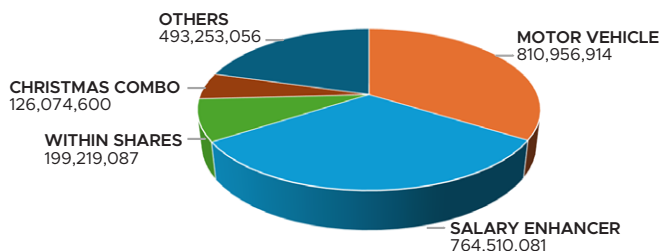
New loans disbursed by the Credit Union over the period totaled 8,463 valued at \$2.656B. This reflects an increase of \$258.2M or 10.77% in value and a decrease of 9.72% in quantity when compared to 2023 disbursements totaling 9,168 with a value of \$2.4B.

The most common categories of loans applied for and disbursed were Christmas Combo, Cash on Credit and Salary Enhancer, while the highest value of loans disbursed were for Motor Vehicle, Salary Enhancer (Unsecured), and Loans Within Shares. Other categories included a combination of both secured and unsecured short-term loans.

## TOTAL LOANS DISBURSED

LOAN CATEGORY	COUNT	TOTAL \$M	%
MOTOR VEHICLE	208	810,956,914	30.53%
HOME EQUITY	13	84,940,000	3.20%
MORTGAGE	2	18,500,000	0.70%
SALARY ENHANCER	534	764,510,081	28.78%
WITHIN SHARES	377	199,219,087	7.50%
CHRISTMAS COMBO	669	126,074,600	4.75%
CASH ON CREDIT	535	73,884,000	2.78%
EDUCATION	257	85,036,800	3.20%
OTHERS	5,868	493,253,056	18.57%
<b>TOTAL</b>	<b>8,463</b>	<b>2,656,374,538</b>	<b>100.00%</b>

## TOP 5 LOAN TYPE



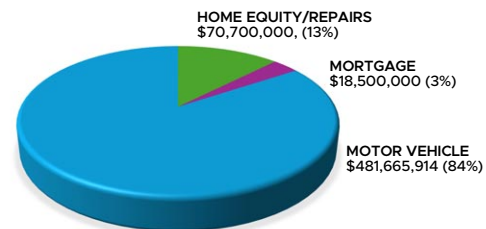
## LOANS APPROVED BY THE CREDIT COMMITTEE

The committee reviewed and approved loans totaling \$570.86M for 2024. This reflects an increase of \$146.18M

or 34.42% over the similar period in 2023. See table and chart below.

Loan Type	Loan Value
Home equity/repairs	70,700,000
Mortgage	18,500,000
Motor Vehicle	481,665,914
<b>TOTAL</b>	<b>\$570,865,914</b>

## LOANS APPROVED BY THE CREDIT COMMITTEE 2024



## ORGANIZATIONAL CHANGES

Mr. Chad La Ronde, the former Credit Manager was promoted to the position of General Manager and Mr. Chad Wauchope promoted to the position of Acting Credit Manager in January and February, 2025 respectively.

## ACKNOWLEDGMENTS

The Credit Committee expresses sincere appreciation to the valued members for placing their confidence in the team in executing its role of ensuring the timely and accurate processing of loans. The Committee also extends gratitude to the staff, especially the Board and Management for their invaluable support over the period. Special mention must be made to the excellent team of volunteers who served dutifully and diligently on the committee.

Caphanne March  
Chairperson

# Supervisory Committee Report



Tricia Dorman



Yannick Johnson



Tisona Johnson



Nerine Brown



Renardo Lobban

## CHAIRPERSON'S REMARKS

Fellow Co-operators, on behalf of the members of the Supervisory Committee, it is indeed a pleasure to welcome you to the staging of the 70th Annual General Meeting of the JPS & Partners Co-operative Credit Union Limited.

The Supervisory Committee is elected by the membership to independently evaluate the soundness of the Credit Union's operations and activities. The Committee works with Management and the Board of Directors to provide continuous and independent oversight of the Credit Union's policies, internal controls and procedures and most importantly to safeguard the interest of you our members. As stewards of integrity and transparency within our organization, the Supervisory Committee works collaboratively with management to fulfil its mandate to oversee financial reporting, risk management, and compliance processes.

The Committee's roles and responsibilities are governed by the Cooperative Societies Act (1950), Regulation 40(3) (c) and guided by the Jamaica Cooperative Credit Union League (JCCUL) Supervisory Committee Guide (2000) as well as Article X Rules 48-51 of the Rules of the JPS & Partners Co-operative Credit Union Ltd.

At the 69th Annual General Meeting (AGM), five (5) volunteers were elected to serve you our valued members. The term of service is one (1) year. Members may however

serve three (3) consecutive years. The members who were elected are:

- **Ms. Tricia Dorman**
- **Mr Yannick Johnson**
- **Ms. Tisona Johnson**
- **Mrs. Nerine Brown**
- **Mr. Renardo Lobban**

The term of office of the following members came to an end in accordance with Rule 48 (ii):

- **Mr. Vashawn Burnett**
- **Mr. Courtney Harrison**
- **Ms. Sheryll Brown**

## MEETING ATTENDANCE

During the year ending December 31, 2024, committee members attended meetings as outlined in the table below.

## YEAR IN REVIEW

### Internal Auditing Services

The Supervisory Committee oversees the operation of the internal audit function. At the start of the year, the Credit Union selected a certified independent accounting firm,

MEMBERS		# OF MEETINGS HELD	# OF MEETINGS ATTENDED
Tricia Dorman	Chairperson	11	11
Yannick Johnson	Vice Chairperson	11	11
Tisona Johnson	Secretary	5	5
Renardo Lobban	Assistant Secretary	5	5
Nerine Brown	Member	5	5
Vashawn Burnett	Retired	6	6
Courtney Harrison	Retired	6	6
Sheryll Brown	Retired	6	6

Dawgen Global Jamaica to provide internal audit services on a two (2) year contract for the period January 1, 2024 to December 31, 2025. Also, upon receiving approval from the Board of Directors, Dawgen Global Jamaica was contracted to conduct a Special Audit for the outstanding periods of 2023 not covered by the previous internal auditor.

Dawgen Global Jamaica provided management with the Internal Audit Risk Register and Audit Plan for the year 2024, which set out the potential risks that could impact the different areas of the credit union's operations and the audit areas for review. The Plan was reviewed and approved by Management and the Supervisory Committee.

### Audit Reviews

In completing its mandate, the Supervisory Committee oversaw the execution of independent and objective audits that assessed the financial and operational functions of the Credit Union. Throughout the year, internal audit reports were reviewed for the Head office and Branches for the outstanding periods for 2023, and for the current year, seven (7) and four (4) reports were reviewed for the Head Office and Branches respectively.

The overall objective of the audit process is to provide management with assurance about the effectiveness of the key controls being operated in the organization, the exposure to risk and any control weaknesses which may exist. Based on the risk identified, recommendations are made with a view to improve the adequacy, efficiency and effectiveness of controls.

The findings as well as the recommendations for improvements to procedures were reviewed by the Committee. Management and other personnel were invited to clarify any issues in the reports where necessary. The Committee's monthly reports were presented to the Board of Directors.

The Internal Auditors examined and reported their findings on some of the key areas including:

- **Members Loan Approval Process**
- **Credit Risk Assessment**
- **Payroll Processing and Honoraria Payments**
- **Payables Management Process**
- **Internal Controls over Cash**
- **Interest Rate Risk Management**
- **PEARLS Ratio Analysis**
- **Regulatory Compliance**
- **Investment Portfolio Management**

- **Deceased Account Management**

- **Cyber Security Measures**

Based on the findings of the internal audit reviews, the Supervisory Committee concludes that there is general compliance to established policies and procedures and no material corrective actions were required during the period. Where gaps/weaknesses were identified and recommendations made to management, a commitment and timeline was given to implementing measures to improve the process. The Committee continues to monitor their implementation.

### Training

Members of the Supervisory Committee participated in the following training sessions facilitated by the Jamaica Co-operative Credit Union League and JPS & Partners Co-operative Credit Union Ltd. during the period:

- ✓ Proceeds of Crime Act (POCA) Sensitization Session
- ✓ Role and Responsibilities Awareness Session for Supervisory Committee Members
- ✓ Meeting Protocols for Credit Union Volunteers

### CONCLUSION

The Supervisory Committee is satisfied with the operations of the Credit Union and is of the view that despite areas requiring improvement, the Co-operative continues to be a strong financial partner for its members. We endeavour to remain vigilant and to pay keen attention to the entire operations to ensure the best interest of members, as well as the viability of the Credit Union.

### ACKNOWLEDGEMENT

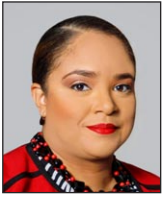
The Supervisory Committee expresses our sincere gratitude to the membership, management and staff and board of directors for giving us the opportunity to serve. We would like to express our thanks to our internal auditors, Dawgen Global Jamaica for their support during the period. We do not take our role lightly and remain committed to ensuring that members' interest is safeguarded, and that the organization remains a viable option for its stakeholders.

Sincerely,



Tricia Dorman  
Chair

## League Delegates Report



Kim Robinson



Natalie Sparkes



David Fleming



Tricia Robinson

League Delegates and Alternate Delegates serve as ambassadors of JPS & Partners Co-operative Credit Union Ltd., representing the Credit Union at key forums and conferences hosted by the Movement's umbrella bodies. These engagements provide opportunities for strategic insight, policy alignment, and the sharing of best practices aimed at strengthening Credit Union operations across the island.

During 2024, Ms. Kim Robinson (President) and Ms. Natalie Sparkes (Treasurer) served in the capacity of League Delegates. They were ably supported by Mr. David Fleming (Vice President) and Ms. Tricia Robinson (Secretary), who functioned as Alternate Delegates.

### **83rd Annual General Meeting of the Jamaica Co-operative Credit Union League (JCCUL)**

The League's 83rd Annual General Meeting and Convention took place from May 30 – June 2, 2024 at the Ocean Coral Springs Resort in Trelawny, under the theme: **"Credit Unions: Change with Intent...The Change Continues."**

The event attracted over 180 Delegates, Alternates and Observers, and featured a comprehensive agenda including workshops, networking forums, a trade show, and the Movement's prestigious Awards Banquet.

### **KEY SESSIONS AND HIGHLIGHTS**

#### **• NeXGen Youth Summit:**

Seventy-four (74) young professionals were engaged in discussions around co-operative principles and environmental, social, and governance (ESG) values. They were inducted as the 2024 cohort of "NeXGen Change Makers."

#### **• Workshops and Presentations:**

Participants benefited from a diverse mix of sessions covering leadership, cybersecurity, branding, and strategic change. Key presenters included:

- o **Krystal Tomlinson** – Public Speaking Coach
- o **Rory Ebanks** – Symptai Consulting (Cybersecurity Risk & Response)
- o **Tom Hewlett** – CUBE (Innovative Branding Strategies)
- o A panel discussion led by **CRIF and Shift Interactive**

#### **• Trade Show Participation:**

Ten institutional partners including CUNA Caribbean, Cumax Wealth, CRIF, and JCIA, showcased a wide range of solutions in insurance, wealth management, digital marketing, and analytics.

### **JCCUL ANNUAL GENERAL MEETING – JUNE 1, 2024**

The AGM included the presentation of reports from the Board of Directors, Treasurer, Supervisory and Nominating Committees, as well as the League's Audited Financial Statements for the year ended 2023.

#### **Decisions Made:**

##### **• Distribution of Surplus:**

Delegates approved a distribution of J\$306.77 million.

##### **• Maximum Liability:**

The League's Maximum Liability was retained at J\$5 billion.

**ELECTION OF DIRECTORS TO THE JCCUL BOARD:**

CATEGORY	NAME	CREDIT UNION	YEARS
Small Peer Group	Mr. Norris Gilbert	PWD Co-operative	3
Medium Peer Group	Mr. Desmond Pringle	Jamaica Defence Force	3
Large Peer Group	Mr. Anthony McLaughlin	Jamaica Police	3
At-Large	Mr. Lambert Johnson	Gateway	3
At-Large	Mr. Sheldon Graham	Postal & Partners	3

**SUPERVISORY COMMITTEE APPOINTMENTS:**

Name	Credit Union
Mary Dick	JTA Co-operative
Andrea Graveney	First Heritage Co-operative
Karen Robotham-Teape	Broadcast & Allied Services Co-operative
Barrington Hibbert	NAJ & Health Services Co-operative
Nicola Reid	Palisadoes Co-operative

- Resolutions Passed:**

- o 60th Anniversary Tribute – Jamaica Defence Force Credit Union
- o Recognition of Service Milestones – Jamaica Police and JDF Credit Unions

- Rule Amendment:**

- o Section 70(2) of the JCCUL Rules was amended to reference Cumax Wealth Management Ltd. for Stabilisation Fund oversight. It also confirmed the Stabilisation Committee's composition pending formal legal registration.

**AWARDS AND RECOGNITION**

The Awards Gala was held on the night of June 1, 2024, celebrating excellence across the Credit Union Movement.

These awards confirm that our Credit Union's continued focus on quality service, member engagement, and innovation is recognized at the national level. We are especially proud of the 2023 Medium Sized Credit Union of the Year and the 2023 Service Excellence awards, which affirm the success of our strategies and the dedication of our team.

AWARD	WINNER	RUNNER-UP
Lorrel Bruce Award for Service Excellence	JPS & Partners CCU	C&WJ CCU
Paul Thompson Award (Medium Credit Union of the Year)	JPS & Partners CCU	Manchester CCU
G. Arthur Brown (Corporate Governance)	C&WJ CCU	Grace CCU
Stanley Moore (Financial Education & Empowerment)	Gateway CCU	Jamaica Police CCU

## STRATEGIC PRIORITIES FOR THE MOVEMENT (2025–2027)

Several recommendations and imperatives emerged during strategic sessions and forums. These will likely shape the trajectory of the Jamaican Credit Union Movement in the coming years:

### Youth Engagement:

Sustain momentum by leveraging the NeXGen platform to attract and retain younger members.

### Cybersecurity and Resilience:

Implement modern data security frameworks to protect sensitive member information.

### Brand Modernization:

Adopt experience-first digital branding strategies to increase visibility and appeal.

### ESG Integration:

Align community outreach and lending with sustainability goals and global development benchmarks.

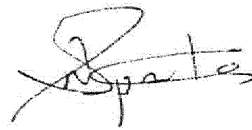
## CONCLUSION

On behalf of the Delegates and Alternate Delegates, sincere thanks are extended to the Jamaica Co-operative Credit Union League for hosting another successful and enriching Convention and AGM.

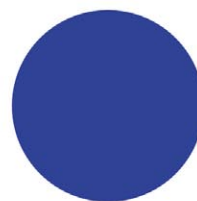
We also wish to thank the Board of Directors of JPS & Partners Co-operative Credit Union Ltd. for entrusting us with the responsibility to represent our institution. The experience was both informative and inspiring, equipping us with the insights needed to help guide the continued development of our Credit Union.

Together, we remain committed to advancing the Co-operative spirit of “People helping people.”

On behalf of the Delegates and Alternate Delegates



**Natalie Sparkes (Ms.)**  
League Delegate



# Mortgage Loans



# Nominating Committee Report



Donovan  
Cunningham



Allentia Brown



Vaughn McDonald



Tricia Robinson



Paulstan Francis

The JPS & Partners Nominating Committee was appointed by the Board of Directors in accordance with rule 65(1) and comprises the following persons:

<b>Donovan Cunningham</b>	<b>Chairperson</b>
<b>Allentia Brown</b>	<b>Member</b>
<b>Vaughn McDonald</b>	<b>Member</b>
<b>Tricia Robinson</b>	<b>Member</b>
<b>Paulstan Francis</b>	<b>Member</b>

The Nominating Committee acting in accordance with its mandate met on three (3) occasions to consider all retiring members from the Board of Directors, Supervisory and Credit Committees. Having complied with the guidelines in its selection of candidates, the Committee hereby submits nominations to fill the positions which will become vacant at the upcoming Annual General Meeting.

Volunteers to the Board of Directors are elected to serve for two (2) years up to a maximum of three (3) consecutive terms. Four (4) volunteers currently serving on the Board of Directors were eligible for re-election and have indicated their availability and willingness to continue serving. The committee received a total of six (6) nominations for the Board of Directors, conducted interviews in accordance with the rules and after the completion of the process, the following is the recommendation of the Committee for a period of two (2) years.

## MEMBERS OF THE BOARD OF DIRECTORS

Retiring	Nominated	Term in Office
Kim Robinson	Kim Robinson	2 years
Natalie Sparkes	Natalie Sparkes	2 years
David Fleming	David Fleming	2 years
Patrick Davidson	Patrick Davidson	2 years

The following Directors will continue to serve

Name	Term in Office
Donovan Cunningham	1 year
Winston Delahaye	1 year
Sheryll Brown	1 year
Paulstan Francis	1 year
Timain Campbell	1 year

## MEMBERS OF THE CREDIT COMMITTEE

Volunteers on this Committee are elected to serve for two (2) years up to a maximum of three (3) consecutive terms (each term being two (2) years). Members are eligible for re-election if they have not reached their term limit. The Nominating Committee conducted interviews, and the following volunteers were recommended to serve for two (2) years.

Retiring	Nominated	Term in Office
Anthony Cameron	Anthony Cameron	2 years
Caphanne March	Caphanne March	2 years

The remaining Committee members will continue to serve:

Name	Term in Office
Courtney Harrison	1 year
Rashema Stanford	1 year
Courtney Whyte	1 year

## MEMBERS OF THE SUPERVISORY COMMITTEE

Volunteers on this Committee are elected to serve for one (1) year up to a maximum of three (3) consecutive terms. All members of this Committee will retire at this meeting. The Nominating Committee having received six (6)

petitions, conducted interviews and the following persons have been recommended to serve for one (1) year:

Retiring	Recommended
Tisona Johnson	Tisona Johnson
Tricia Dorman	Tricia Dorman
Nerine Brown- Boothe	Camile Cunningham- Griffiths
Renardo Lobban	Renardo Lobban
Yannick Johnson	Yannick Johnson

The Committee wishes to thank all volunteers, both returning and those retiring for their invaluable contribution over the years. The profiles for the persons nominated are available at the Credit Union offices for your perusal.

Yours Cooperatively



**Donovan A. Cunningham**  
Chairman, Nominating Committee





## National Anthem

Eternal Father, bless our Land  
Guard us with Thy mighty hand  
Keep us free from evil powers  
Be our light through countless hours  
To our leaders, Great Defender,  
Grant true wisdom from above  
Justice, truth be ours forever  
Jamaica, Land we love.

*Chorus:*

Jamaica, Jamaica, Jamaica,  
Land we love.

Teach us true respect for all  
Stir response to duty's call  
Strengthen us, the weak to cherish  
Give us vision, lest we perish  
Knowledge send us, Heavenly Father  
Grant true wisdom from above  
Justice, truth be ours forever  
Jamaica, land we love

## Prayer of St. Francis of Assisi

Lord, make me an instrument  
of Thy peace;  
Where there is hatred,  
let me sow Love,  
Where there is injury, Pardon,  
Where there is doubt, Faith,  
Where there is despair, Hope,  
Where there is darkness, Light, and  
Where there is sadness, Joy.

O Divine Master, grant that I may not  
So much seek, to be consoled as to console,  
To be understood as to understand  
To be loved, as to love,

For it is in giving that we receive,  
It is in pardoning that we are pardoned,  
and it is in dying  
that we are born to Eternal Life.



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