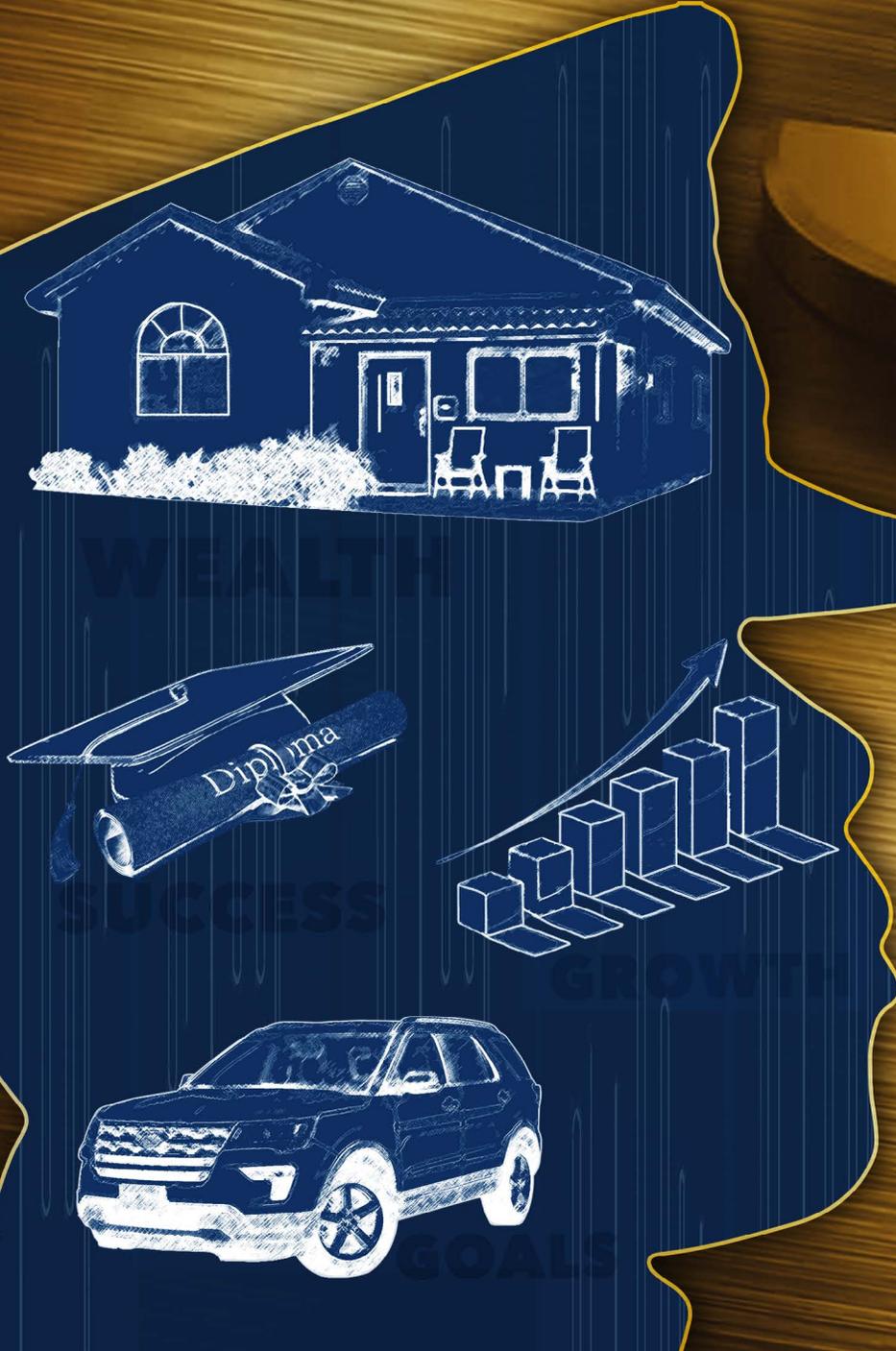




JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LTD



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Forward*

**ANNUAL
REPORT 2020**





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MISSION STATEMENT

*To enhance the financial
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CORE VALUES

*Integrity. Efficiency. Member-Centric.
Professionalism. Innovation*



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THE 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 error, truth;
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.
Amen.



Agenda

1. Ascertainment of Quorum
2. Special Resolution
3. Notice of the Meeting
4. Call to Order and Prayer
5. Chairman's Opening Remarks
6. Reading and Confirmation of the Minutes of the 57th Annual General Meeting
7. Matters Arising
8. Guest Speaker - Cdre Antonette Wemyss-Gorman
9. Reports of:
 - a. Board of Directors
 - b. Auditor
 - c. Treasurer
 - d. Credit Committee
 - e. Supervisory Committee
10. Election of volunteers
 - Nominating Committee Report
 - Election to:
 - Board of Directors
 - Supervisory Committee
 - Credit Committee
11. Resolutions
12. Other Business
13. Vote of Thanks
14. Adjournment

Minutes of the 57th Annual General Meeting



W01 Carlean Sutherland, Secretary

Notice of Meeting

Notice is hereby given of the 58th Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited to be held on Wednesday May 26, 2021 at the CMA Auditorium, Up Park Camp, Kingston 5 and beginning at 12:00 noon.


Carlean Sutherland, BSc (Hons)
Warrant Officer Class 1, Secretary

MINUTES OF THE 57TH ANNUAL GENERAL MEETING

Minutes of the 57th Annual General Meeting held on October 21, 2020 at the CMA Auditorium, Up Park Camp, Kingston 5.

The 57th Annual General Meeting of the JDF Co-operative Credit Union was delayed as a quorum was not realized. The event was held virtually with simultaneous live streaming on YouTube and Facebook and a group of registrants attended in person. Items that did not need a quorum were commenced.

Introduction and Presentation of Guest Speaker

The guest speaker, Colonel (Ret'd) Daniel George Pryce was introduced by Miss Rochelle Fearon. Col. Pryce acknowledged the management and staff of the JDF Co-operative Credit Union, members present and those watching via the Internet. He expressed his joy at being asked to address the meeting on the theme 'Transforming, Achieving, Growing Together' and explained that it reminded him of Romans Chapter 12 and verse 2. He gave an example of the difference between transformation and conformation, stating that when a balloon is squeezed it conforms to that compressed shape but once released it goes back to its original position. He said that with transformation, on the other hand, it does not go back to its original shape but is fashioned in a preferred shape. He further said for transformation to take place in an organization, it must demonstrate a readiness for change. He lauded the JDF Credit Union for the tremendous growth made over the years but said that there was still room for further progress and development. He encouraged the staff to continue working as a team and strive to be industry leaders. In closing, Col. Pryce thanked the JDF Credit Union for inviting him and asked God's blessing on the institution.

Presentation of Gift

Mrs. Michelle Goldbourne presented an appreciation gift to Col. (Ret'd) Pryce and thanked him for addressing the topic and encouraging members.

Call to Order

The meeting was called to order at 1:20 pm by the President and Chairperson Maj. Heleda Thompson after ascertaining that a quorum was satisfied.

Notice of the Meeting

The Notice was read by the Secretary, W01 Carlean Sutherland. The Chairperson & President, Major Heleda Thompson, moved a

motion for the 2019 Annual Report to be displayed digitally on screens. The motion was moved by Lt. Col. Michael Anglin and seconded by Mr. Everton Hay.

Chairperson's Opening Remarks

Maj. Thompson, on behalf of the Board of Directors, volunteers, management and staff of the Jamaica Defence Force Co-operative Credit Union, welcomed visiting friends, members in the room as well as members watching virtually on-line. She thanked the members for showing continual interest in the business of the credit union.

She specially welcomed Brig. Radgh Mason, Past-President of the JDF Co-operative Credit Union, Col. (ret'd) Daniel Pryce, Mrs. Katerina Grant-D'Aguilar from Jamaica Co-operative Credit Union League Limited, Mr. Courtney Shaw and Miss Antonette Henry-Johnson from the Department of Co-operatives and Friendly Societies, Miss Yvonne Bernard, stenographer, and Mr. Sixto Coy, Auditor from HLB Mair Russell.

Board of Director's Report

The President said that the year 2020 was possibly the most challenging in the history of the JDF Co-operative Credit Union, as the novel coronavirus, COVID-19, had impacted the world and the credit union was not spared. She said it brought about changes in how the credit union operated and delivered services to its members. Also, the Board of Directors had made the mission 'to enhance the financial well-being of our members,' a way of life, resulting in the credit union experiencing another year of growth. She reported that for 2019 the credit union had done well and once again received the Renford Douglas Credit Union of the Year Award in the large category at the Jamaica Co-operative Credit Union League Convention and Annual General Meeting held last April. And that other awards were received including the Service Quality Award, Highest Solvency, CPD On-line, Investor of the Year from CUFMC and 1st Runner Up for Golden Harvest Saving Plan. She told members that they could be proud of the people that they have given responsibility for the JDF Credit Union's programmes and she was pleased to report that they have attained the goals set and the required results both in terms of service delivery and the targets met, which is an indication of the quality of work done over the past year.

Scholarship and Education Grants

Maj. Thompson informed the meeting that thirty-three scholarships were awarded last year to include a President's Award under the Treasure Chest Scholarship Program; fourteen awards were given to continuing students and eighteen new students received bursaries in the primary and tertiary levels at a value of \$1.2M. The Education Grant Policy was also revised to allow children of members who died or are incapacitated and children of members who are experiencing severe financial difficulties, to now be eligible to apply.

Products and Services

She also reported on changes which were made to some products and services which included reduction in interest rates including the motor vehicle loans.

Delinquency

The President advised that Delinquency as of November 31, 2019 stood at \$2.86M from 149 members and a loan amount of \$52.73M. She implored members to remain committed to their obligations and responsibilities.

Information Technology

She further updated the meeting that there was an increased number of products and services that could now be accessed online due to credit union's expansion in IT infrastructure.

Vision

The President reminded members that the institution's vision which was that "by 2030 the JDF Credit Union will be a sound accessible, innovative and member centric financial institution. It will be the financial institution of choice creating value for at least 90% of our members in our bond and with a total asset base exceeding \$15B".

On behalf of the Board of Directors, the President thanked the members for having given them the responsibility and confidence to oversee the affairs of the credit union. She said special thanks to the management and staff, volunteers and members which collectively and consistently contributed to the institution's success.

There were no questions arising from the Board of Directors' Report. The motion for the acceptance of the Board of Directors' Report was moved by Capt. Calvin Dryden and seconded by WO2 Dwight Smith.

Minutes of the 56th Annual General Meeting

The Secretary, WO1 Carlean Sutherland, presented the Minutes of the 56th Annual Meeting which was taken as read on a motion moved by Mrs. Patricia Tomlinson and seconded by Mr. Owen Brown. There was no correction or matters arising from the Minutes. A motion for the acceptance of the Minutes was moved by Corporal Andre Burnett and seconded by Staff Sergeant Shelroy Johnson.

The Chairperson moved a motion for all reports to be taken as read. The motion was seconded by Lt. Col. Michael Anglin.

Independent Auditors and Treasurer's Report

The Independent Auditor's Report was read by Mr Sixto Coy from HLB Mair Russell. It was contained on pages 24 to 29.

The Treasurer, Mr. Everton Hay, presented the report which was found on page 12 of the booklet. He said Jamaica had successfully completed the IMF Standby Agreement in 36 months and that the agreement was monitored by EPOC. He gave highlights on Jamaica's economy for 2019 including that the inflation for the year was 3.9%, interest rates continued a downward trajectory, ending at 0.7% for the year, crime continued to impact the economy even while the government continued its crime reduction measures. He noted that despite all the variables impacting the economy, the credit union in 2019 recorded another year of growth and the credit union's management was able to achieve a 99% score of the targets set by the Board of Directors.

Financial Highlights

The Treasurer detailed the financial accomplishments of the credit union, that asset base at the end of 2019 stood at \$2.6B, a growth of 19.5%. The loan portfolio increased by 6% and ended at \$2.019B. Capital grew by 10% ending at \$740M. Savings growth increased by 25%. Voluntary Shares increased by 27%. Loan interest stood at \$255.4M and Interest earned on investment increased by 76% to \$8.502M. The credit union surplus for 2019 was \$76.9M.

BOJ's Regulations

He said the credit union continued to prepare for BOJ regulations and is ensuring that all the standards are met.

New Offices in Montego Bay

To better serve members in the western part of Jamaica the credit union also started arrangements to establish a permanent office in Montego Bay.

Education and Skill Training

Through ongoing education new members, especially from the JNSC program, were equipped with skills and knowledge to manage their money.

In closing the Treasurer, on behalf of the Board of Directors, thanked the volunteers; management and staff for collectively and consistently guiding the credit union on a path of success. He also extended sincere gratitude to the invaluable members for demonstrating confidence, loyalty and trust in the institution.

Matters Arising from the Treasurer's Report

There being no questions or comments, a motion was moved by SSgt Shelroy Johnson and seconded by Capt Calvin Dryden for the acceptance of the Auditor's and Treasurer's Reports.

Resolutions

The Treasurer moved a Resolution on behalf of the Board of Directors for the appropriation of the credit union's surplus as follows:

Resolution #1

The Proposal for the Appropriation of Surplus was presented by the Treasurer, Mr Everton Hay as follows:

Net Surplus for the Year	\$60,244,000
Other Reserve	<u>9,338,000</u>
Total Comprehensive Income for the Year	<u>69,582,000</u>
Dividend Permanent Share	4,412,973
Statutory Reserve	15,381,000
Additional Statutory Reserve	10,000,000
Honoraria Payment	3,478,750
Treasurer Chest Scholarship	1,500,000
Building Reserve	<u>25,000,000</u>
Total Distribution	<u>59,772,723</u>
Undistributed Surplus	<u>9,809,277</u>

Resolution #2

Rule #71 – Power to Borrow

Proposal for the Fixing of Maximum Liability up to December 2020 at the rate of 16 times the capital.

The acceptance of the two resolutions were moved on a motion by Mr. Hamroy Roberts and seconded by SSgt Sherlon Campbell. The motion was unanimously carried.

Credit Committee Report

The Report was presented by Capt. Calvin Dryden, Chairman of the Credit Committee. Capt. Dryden said that the JDF Co-operative Credit Union had successfully completed another year of financial wellbeing. The committee approved loans totaling \$381M. The main contributor was the Motor Vehicle Loans with a total of \$169M. The other significant contributor was Debt Consolidation. He said during the year under review the delinquency portfolio had grown 0.31% making the delinquency 2.72%. He implored members having financial difficulties to go to the credit union and try to get their loans re-financed. The Chairman extended appreciation to the General Manager, the hard-working staff, and his committee members for their contribution to the development of the credit union and its members, and helping to provide competitive, suitable services and products. He also thanked the members for their continued contribution to the development of the credit union and the improvement of their standard of living and opportunity to partner with them on their quest 'marching forward, building wealth'.

There were no questions arising from the presentation. The motion for the acceptance of the Report was moved by Sgt Gawayne Brown and seconded by Mr Dwight Smith. The motion was passed unanimously.

The Supervisory Committee Report

The report was presented by the Chairman, Sgt. Gawayne Brown, which was found on pages 86 and 87 of the booklet. Sgt. Brown said the main function of the Supervisory Committee was to provide an independent oversight for the general functioning of the credit union. He said that the objective was achieved by proper planning and reporting of audits. On a monthly basis the report is provided to the Board of Directors with internal control recommendations. During the year 2019, several areas were examined to include bank reconciliation, loan disbursements and employee attendance.

In closing Sgt Brown thanked the members of the credit union for having confidence in the members of the Supervisory Committee and for choosing them. He extended special thanks to the General Manager, the Board of Directors, and the Internal Auditor for having supported the Supervisory Committee through the year.

Questions or Comments From the Supervisory Committee Report

There were no questions arising from the presentation. The motion

to accept the report was moved by Mr. Everton Hay and seconded by Mrs. Michelle Goulbourne. The motion was unanimously carried.

Election of Volunteers

Mr. Courtney Shaw from the Department of Co-operatives and Friendly Societies conducted the elections for volunteers. Counting of votes for the Board of Directors, the Supervisory Committee and the Credit Committee was however concluded at the office of the Department of Cooperatives' with results to be remitted at a later date.

Obituaries

One minute of silence was observed for members who had passed on during the year.

Any Other Business

There was no other business.

Vote of Thanks

The Vote of Thanks was moved by Mr Devon Fray.



Carlean Sutherland, BSc (Hons)
Warrant Officer Class 1, Secretary



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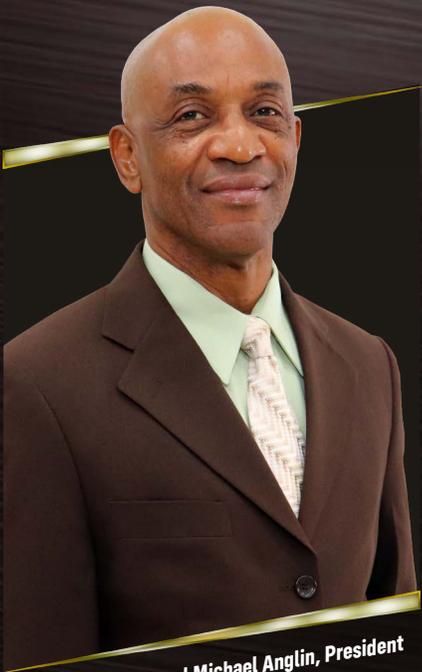
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Board of DIRECTORS



Lieutenant Colonel Michael Anglin, President



Lieutenant Commander Aceion Prescott,
2nd Vice President



Staff Sergeant Shelroy Johnson, Assistant Treasurer



Major Heleda Thompson, 1st Vice President



Warrant Officer Class 1 Carlean Sutherland, Secretary



Mr Everton Hay, Treasurer



Captain Tameka Stewart, Director



Mrs Donna Boland-Brown, Director



Mr Desmond Pringle, Assistant Secretary

Board of Directors' Report



Lieutenant Colonel Michael Anglin, President

Foreground

Fellow co-operators, it is that time once again for your Board of Directors to account for its stewardship of the JDF Co-operative Credit Union Limited for the year 2020, and oh what a year it was. Never did we imagine that what took place would have occurred. It started with an economy that offered great expectations and with that, some targets were set that seemed achievable with effort and determination. However, before the first quarter could end, the JDF Credit Union - and the world at large - was hit by the novel COVID-19 Pandemic. This occurrence changed the entire operational landscape of the Credit Union and impacted members to the extent where some of them and/or their spouses lost their jobs; which affected their ability to transact business with the JDF Credit Union.

Economically, Jamaica suffered a 10.2% GDP decline due to the effects of COVID-19, this after seven (7) consecutive years of growth. Overall, tourism grinded to a halt for the first half of the year with declines of up to 53.5%; airports and airlines were closed thereby restricting exports and imports. Inflation was recorded at 5.1%. The local entertainment industry was placed under strict restrictions and, all in all, the unemployment rate rose to 10% at the end of the third quarter. Many persons lost their businesses, their jobs, their livelihood. While the military was not affected from job loss, some amount of strain and constraint was experienced by the military members, and that affected the outcomes of our credit union.

Strategically, and in keeping with the intent of Headquarters Jamaica Defence Force as part of its rezoning of Up Park Camp, the credit union is expected to relocate to the location now being occupied by the Military Pay Office. This requires the construction of a new credit union building which was intended to commence in the second to third quarter of 2020, however, a number of hurdles proved difficult to resolve and that placed a delay on our efforts. We are now at the stage where that project is being advanced on a new schedule and construction is targeted to begin in July 2021. Additionally, we were able to roll out our Mobile Unit to attend to some of the needs of our members, particularly those members in the western region. We intend to take this effort to a different level in 2021.

As it relates to our targets, we forecasted to add 28.94% more value to the membership; increase total assets by 26.82%; increase membership by 13.31%; increase our loan portfolio by 22.12%; and increase our savings portfolio by 28.13%. These targets were predicated primarily on the year being normal in conjunction with the JDF forecasted recruiting targets holding true. At the end of 2020, the results saw value added increasing by 10%; our asset increased by 14%; 12% of new members being achieved; and an increase in our loan portfolio of 4.72%. There was also an increase in our savings portfolio of 15.27%. While it was a unique year, much comfort can be taken that our operating expenses were contained well below the standard 8%, coming out at 6.04%; and our surplus saw a

8% increase over the previous year. It should be noted that the 2019 surplus was itself a reduction over the previous year, so there is an upturn for 2020 despite it being a Pandemic Year.

The Effects of the Pandemic

COVID-19 necessitated a change in the disposition of the Credit Union staff and in keeping with the Government’s directive, a Remote Work Policy was implemented. Approximately half of the credit union’s business was carried out by the staff working from home. For the other half, adequate sanitization and COVID protocols were enacted to minimize the risk of exposure to them, as well as to the membership on their visits. From all accounts, management did extremely well as there was no member of staff that contracted the virus from the office.

This “work from home” methodology was new to the JDF Credit Union and it became a learning opportunity as it forced us to take more of the business online, which also required that greater knowledge and use of technology was necessary. While some members adjusted and embraced the online push, there were a significant number of the membership that still preferred to visit the credit union’s physical space to transact their business. These persons were accommodated with seating being provided on the outside to facilitate those who waited for their business to be dealt with; you would have seen tents being erected for this purpose.

This online push also required new policies and procedures and these were implemented; they proved challenging then and continue to even now. Virtual meetings became the order of the day as we sought to continue the credit union’s business, and to ensure that we abided by the social distancing requirement under the Disaster Risk Management Act; these types of meeting have now become the new norm.

We had our annual Retreat in mid-September. This was a modified, inhouse one-day retreat where we established our targets for 2021. We continue to push-the-envelope with ambitious targets as we seek to better serve the membership who continue to be strategically employed across Jamaica. In that respect, we have embarked on a new customer service mantra: *Members First* where in everything that we do as a credit union, we must have you the members, at the forefront. The Pandemic also affected a number of meetings that take place annually. Historically, we have our Annual General Meeting (AGM) in April of each year. This had to be rescheduled to October as the restrictions imposed by the Government under the Disaster Risk Management Act required social distancing and prevented our usual gathering in numbers that we are accustomed to. A virtual AGM had to be organised, but only after the Co-operatives and Friendly Societies Act was amended to allow for Virtual AGMs. Additionally, there was no mass meeting for the AGM of the local Movement, nor for the Caribbean Confederation of Credit Unions (CCCU) nor World Council of Credit Unions (WOCCU) which were all done through inno-

vative virtual means. Our Board Meetings have now adopted the flexibility of virtual attendance, a norm also embraced for our many impromptu and sub-committee meetings.

Board Members	Pos- sible	Reg- ular	Spe- cial	All Cmte	Apol- ogy
Lt Col M ANGLIN	39	11	24	2	2
Maj H THOMPSON	39	10	23	2	4
Lt Cdr A PRESCOTT	39	8	21	2	8
Capt T STEWART	7	1	3	0	3
Capt K GORDON	32	8	9	0	15
Mr E HAY	39	12	25	2	0
Mrs D BROWN	39	12	23	2	2
Mr D PRINGLE	39	9	10	1	19
WO1 C SUTHERLAND	39	10	22	2	5
SSgt JOHNSON, S	39	10	22	2	5

The year ended with the resignation of Mrs. Patricia Tomlinson, our long-standing General Manager. She served us well and was that steady hand on our credit union, guiding us to many successes and achievements within the local credit union movement. Under Mrs. Tomlinson’s management, the JDF Co-op Credit Union Ltd was able to win the Renford Douglas’ Credit Union of the Year Trophy overall for five years and four consecutively. We express thanks to Mrs. Tomlinson and continue to wish her well in her future endeavours.

Looking Forward

It is our intention to break ground on the new head office for the JDF Credit Union this coming July, subject to all the necessary approvals being obtained. We have finalised the design of this new building with modernised features and soon to be a proud addition to our accomplishments. All preliminary submissions and arrangements have been initiated and are being managed by a building committee comprised of volunteers, management and subject matter experts. This venture is a very costly one and we are sourcing external funding to undertake this relocation and modernization. We also expect to commence the installation of a small branch at Burke Barracks, Montego Bay, St James in August of this year to better serve the members in the West. All the necessary arrangements are being finalised and any delays should only be on the part of the JDF Engineers and our contractors, but the Board of Directors and management are ready and waiting.

The long-awaited Bank of Jamaica (BOJ) Regulations are now upon us and will be enacted in this Financial Year. The Finance Minister, under whose portfolio they fall, has announced that they will be tabled in the first quarter of the 2021/2022 fiscal year. Preparations have long been undertaken by your Board of Directors and management, to ensure that we satisfy all the requirements under this Regulation to obtain the required Licence to continue our existence and operations. Let me



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- Valuation report and two (2) Photograph of Vehicle
- Import entry (Brand new vehicles)
- Proforma Invoice/Sale Agreement/Statement
- Last two Pay slips
- At least three months membership.
- Picture ID
- TRN



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hasten to say that obtaining our licence and being regulated by the BOJ will be a seamless occurrence that will not have any direct impact on the membership, as your Board continues to provide the quality service that you so rightly deserve.

We have set some even more ambitious targets for 2021. Value Added has been targeted to increase by 59.27%, Assets by 48.73%, Loans by 64.51%, and Savings by 51.31%. We do recognise that COVID is still with us but we have learnt some lessons from last year, and we are confident that our targets are achievable.

We are advanced in the contracting of a new General Manager (GM) whose employment we are targeting for 1 May 2021. It is our intent and expectation that such a person will bring new insight and energy into our strategies and operations, taking us onwards to higher heights.

Conclusion

The Pandemic is still with us but there is greater understanding of its effects, and the framework has been put in place, tested and adjusted to bring us back to the level of success that we are accustomed to.

Let me on behalf of the Board of Directors, thank you for allowing us to lead this organisation. We remain committed to you and the responsibility that we have been given, which we humbly accept.

Michael Anglin
Lieutenant Colonel, President



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Treasurer's Report



Mr Everton Hay, Treasurer

Overview of the Economy

The year 2020 started out with the continuation of a sound macro-economic path after the successful completion of the standby agreement with the International Monetary Fund (IMF). The country's economic performance continues to be monitored by the Economic Programme Oversight Committee (EPOC). By the closing of the first quarter of the year the global pandemic was up on us and the world at large. This wreaked havoc on the economy, affecting sectors such as tourism which experienced a major fall out and GDP declined by approximately 10.2%. The year ended with an inflation rate of 5.1% and the Jamaican Dollar holding at close to JA\$150 to US\$1. Crime continues to be a major challenge for the economy and the country, and the government has suspended the use of States of Emergency (SOEs).

Performance

Despite the economic fallout due to COVID-19, the credit union recorded another year of positive growth for 2020 which will be highlighted further in the presentation. Despite the challenges faced by the economy, our Credit Union was still able to achieve a score in excess of 55% of the major targets that were set for 2020. We are indeed pleased with this performance; commendations are in order for the hard work of the management, staff and the volunteers for their efforts. Our Credit Union continues to remain compliant with the regulatory requirements especially POCA, KYE, KYC, AML/CFT and others as stipulated by Jamaica Co-operative Credit Union League (JCCUL) and the Bank of Jamaica, while offering you our valued members a wide range of products and services at the most affordable rates in the Movement.

Financial Highlights

Let me share with you some of the financial accomplishments of our JDF Co-operative Credit Union as they appear in our Balance Sheet and the Income and Expenditure Accounts respectively: Table 1 below displays a simplified version of the Balance Sheet Items for periods ended December 31, 2020 and December 31, 2019 respectively.

Table 1

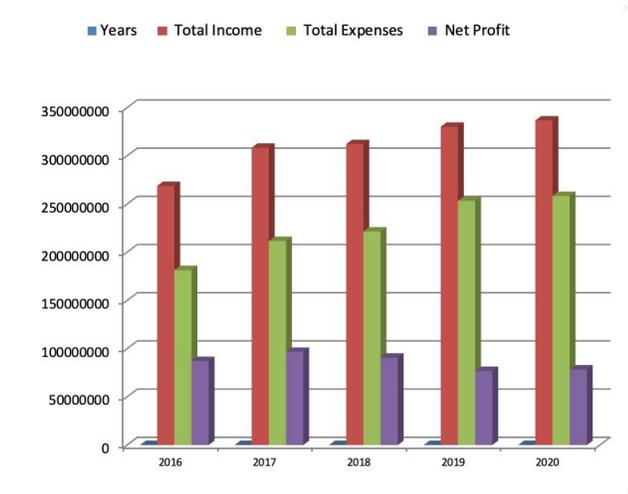
Income	2020	2019	Variance	% Variance
Total Assets	2,978,085,000	2,615,024,000	363,061,000	14%
Loans Portfolio	2,076,885,000	2,019,604,000	57,281,000	3%
Capital	800,595,000	740,172,000	60,423,000	8%
Liabilities	2,177,490,000	1,874,852,000	302,638,000	16%

Table 2 on the facing page displays a simplified version of the Income and Expenditure Statement for the periods ended December 31, 2020 and December 31, 2019 respectively.

Table 2

Income	2020	2019	Variance	% Variance
Interest on loans	267,871,000	255,422,000	12,449,000	5%
Interest on Investments	16,081,000	8,502,000	3,658,000	89%
Non-Interest Income	56,287,000	66,292,000	10,005,000	-15%
Expenditure	2019	2018	Variance	% Variance
Personnel	108,426,000	97,644,000	10,782,000	11%
General Overheads	35,080,000	32,090,000	2,990,000	9%
Interest Expense	66,626,000	64,214,000	2,412,000	4%
Affiliation & Representation	14,382,000	22,460,000	8,084,000	-36%
Marketing & Promotions	3,796,000	6,664,000	2,868,000	-43%
Surplus before honorarium	83,013,000	76,907,000	6,106,000	8%

The graph below displays a simplified version of the Income and Expenditure Statement and Net Profit for the years 2016 to December 31, 2020 respectively.



The Way Forward

The JDF Co-operative Credit Union continues the process to prepare and pursue strategies that will enable an improved state of readiness in meeting the requirements under the BOJ Credit Union Regulations. We have already adopted IFRS 9 and other new reporting requirements to include COVID-19 Rent Related Concessions (Related to IFRS 16). As we anticipate the tabling of the amendments to the Co-operative Societies Act, we are committed to remaining fully compliant within the timelines dictated by our Regulators.

In an effort to extend our reach to our valued members, the JDF Co-operative Credit Union, in recognizing the growth of the Force

to the west of the island, we are on track to establish a permanent presence in St James. We will provide the necessary resources, especially in the digital sphere, to provide greater access to our products and services.

The JDF Co-operative Credit Union continues to lead the charge on the financial education of the younger members of the Force. In the year ahead, the Credit Union will seek to equip its members with the knowledge and skills necessary to manage money effectively.

Acknowledgement

Thanks to the team of volunteers, management and staff who collectively and consistently take responsibility for the success of our Credit Union. Without their insight, diligence and commitment, the Credit Union’s strategic objectives and targets which resulted in more than commendable performance for the year ended December 31, 2020, could not have been realized. On behalf of the Board, volunteers, management and staff of the JDF Co-operative Credit Union, I hereby extend sincerest gratitude to you our invaluable members, as your demonstration of confidence, loyalty and trust in this Credit Union has not waned.

Mr. Everton Hay
 Mr. Everton Hay
 Treasurer

RESOLUTIONS

RESOLUTION # 1

Net Surplus for the Year	78,134,000
Other Reserve	<u>-9,711,000</u>
Total Comprehensive Income for the Year	<u>68,423,000</u>
Dividend Permanent Shares	5,589,000
Statutory Reserve	16,602,600
Additional Statutory Reserve	10,000,000
Honoraria Payment	3,826,625
Treasure Chest Scholarship	1,500,000
Building Reserve	<u>13,000,000</u>
Total Distribution	<u>50,518,225</u>
Undistributed Surplus	<u>17,904,775</u>

RESOLUTION # 2

Rule # 143 – Power to Borrow

Proposal for the Fixing of Maximum Liability up to December 2021

The Board of Directors may incur a liability in voluntary shares, deposit and /or loans from any source on such terms of payment and /or security, provided that the total liability shall not exceed a ratio of sixteen (16) times the Society's Capital.

ONE STEP CLOSER TO
OWNING YOUR OWN

HOME

WITH A JDFCU
MORTGAGE
DEPOSIT LOAN

BORROW UP TO \$1.5M
& PAY BACK WITHIN 5YRS
AT LOW INTEREST RATE



**JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LTD.**
www.jdfcreditunion.com | 1(876) 926-3870





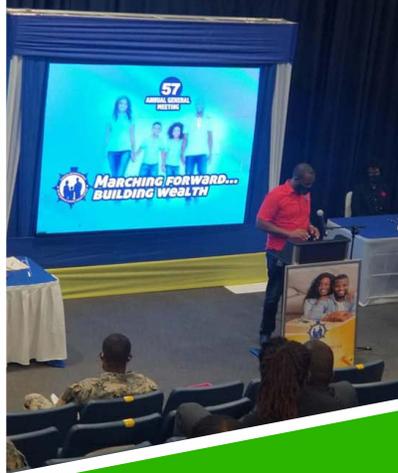
PLAYBACK 2020



International Credit Union Day and Appreciation Day



57th Annual General Meeting





COPING FINANCIALLY IN THE PANDEMIC

A pandemic, like any other crisis, requires proper financial planning in order to get through successfully. Reduced income, job losses and increased medical expenses, all threaten the financial health of individuals and families, even as they fight for their physical well-being.

Here are a few financial tips to help you get through this challenging time:

- ▶ Budget wisely - prioritizing spend on needs and minimizing spend on wants.
- ▶ Start or continue savings in an emergency fund.
- ▶ Maintain investments in pursuit of goals
- ▶ Pay off and avoid high interest loans.
- ▶ Use credit cards sparingly and wisely, preferably charging amounts that can be paid off in full by due date.
- ▶ Pay loans on time to avoid bad credit rating.
- ▶ Be on the lookout for savings and investments opportunities (e.g. items on specials and reduced property prices) resulting from the pandemic.

The pandemic poses great challenges but with proper planning, wise choices and following the health protocols, you and your families can come out safely and financially secure. For more information and to discuss your unique financial plans, contact a JDF Credit Union representative at **876-517-7740**.



COVID-19 Supplies Handover



JCCUL Awards



BORROW UP TO
\$250K
& 24 MONTHS TO REPAY

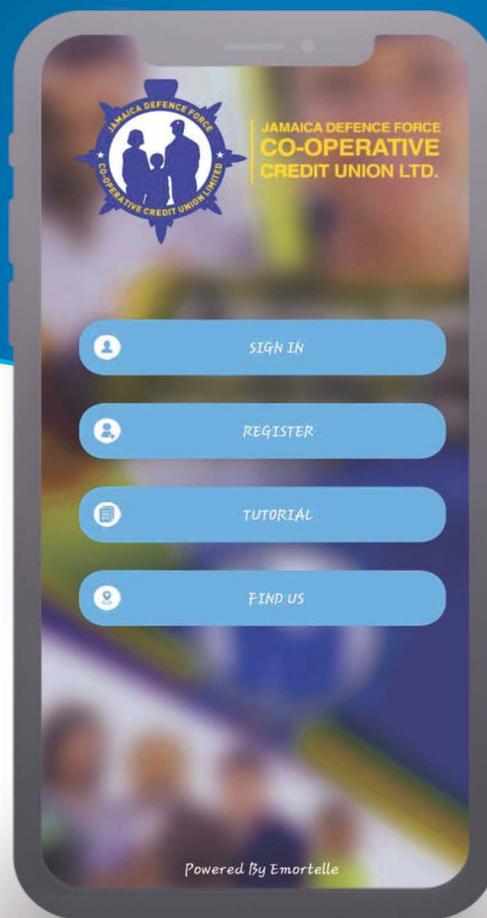
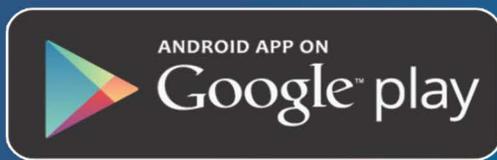


SIGN UP NOW ONLINE

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*** Terms and conditions apply**

Now Available MYJDFCU Mobile app



FEATURES

- **Check Balances**

Quick easy access to your financial details. Know how much you have and in what account.

- **Access Loans**

Apply for loans or do a quick topup right from the palm of your hands.

- **Request Letters & Moratorium**

No need to wait in line. Access your CU on the Go with your MYJDFCU mobile app.





WHEN USING A DEBIT CARD



DO check the ATM machine for signs of tampering or additional fixtures before using and leave if in doubt.

DO always check your money and transaction receipts after using the ATM.

DO shred ATM transaction receipts before discarding.

DO put your money and card away safely before exiting ATM stalls.

DO report a lost or stolen card to the JDF CU immediately.

DO keep your card in a safe place and always in sight during POS transactions.

DO always cover your pin when entering it at ATMs or POS machines.

DO check your account occasionally for discrepancies.

DO sign up for JDF CU transaction alerts.

DON'T seek help from strangers at the ATM.

DON'T use simple pins that can be easily guessed e.g. date of birth.

DON'T store pin in wallets or easy access places.

DON'T share your pin with others.

DON'T place debit cards near magnets to avoid erasing stored information.



JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LTD.

FINANCIALS 2020

**Jamaica Defence Force Co-operative
Credit Union Limited**

Financial Statements

December 31, 2020

Independent auditor's report

To the Registrar of Co-operative Societies
Re: Jamaica Defence Force Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaica Defence Force Co-operative Credit Union Limited ("the Credit Union"), which comprise the statements of financial position as at December 31, 2020, statement of income and expenditure, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirement of the Co-operative Societies Act.

Basis for Opinion

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

Key audit matters

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

Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies
Re: Jamaica Defence Force Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

Key audit matters (cont'd)

Loans and allowances for credit losses on loans

As at December 31, 2020 loans after allowances for credit losses of \$77.4 Million amounted to \$2 Billion or 70% of the total assets of the Credit Union. We consider the measurement of expected credit losses a key audit matter as there is a number of significant judgement by management, including:

- Determining the criteria for a significant increase in credit risk, which impacts the staging of the asset and the related calculation, ie. one year or lifetime expected loss calculations.
- Determining the relevant inputs and techniques included in the expected credit loss model utilised in probability of default (PD), loss given default (LGD) and exposures at default (EAD) parameters.
- For loans and advances, a significant amount of historical data is built into the PD, LGD and EAD risk parameters.
- Use of multiple economic scenarios that are forward looking.
- Valuation of real estate property pledged as collateral for term loans: this is the most significant repayment source for credit-impaired assets.
- We evaluated the appropriateness of the Credit Union's staging and where applicable, determined whether the significant increase in credit risk and default definitions were appropriately applied.
- We obtained an understanding of management's ECL model including source data, evaluated the theoretical soundness and tested the mathematical integrity of the model. We tested reliability of source data used in the models on a sample basis by corroborating to historical data or external public information where available.
- We evaluated the appropriateness of management's judgement pertaining to forward looking information, the basis of the multiple economic scenarios used and the weighting applied to capture nonlinear losses.
- We tested the opening equity adjustments in relation to the adoption of the new standard's classification and measurement requirements.
- We performed the calculation of days past due, a key data input into the PD parameter, in the Credit Union's banking system on a sample basis.

Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies
Re: Jamaica Defence Force Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

Loans and allowances for credit losses on loans (cont'd)

- We tested the completeness and accuracy of the historical data used by agreeing details on default rates and recovery rates. The data used for these assessments were based on the Credit Union's internal default experience segmented by loan type. For a sample of credit exposures, we agreed the critical data fields, such as origination date, maturity date, default date, principal, collateral value and cash recoveries and exposure limits, used in developing default, recovery and utilisation rates to source documents.
- For a sample of stage 3 loans we obtained an understanding of the latest developments at the borrowers and the basis of measuring the impairment provisions and considered whether key judgements were appropriate given the borrower's circumstances. We re-performed management's impairment calculation including the expected future cash flows and valuation of collateral held, and determined reasonableness of the valuation of real estate collateral with the assistance of auditors' expert.
- Based on the procedures described above, no material exceptions were noted in our assessment of the Credit Union's implementation of IFRS 9, including its provisioning in accordance with its newly adopted expected credit loss model.

How our audit addressed the key audit matter

We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over identification of which loans and advances were impaired. We determined we could rely on these controls for the purposes of our audit.

The criteria we used to determine if there is objective evidence of impairment included:

- Default or delinquency in interest or principal payments;
- Concessions granted to a borrower that would not otherwise be considered due to the borrower's financial difficulty.

We tested the completeness of management's listing of potentially impaired loans by reperforming the process using management's impairment criterion. Based on the testing, no adjustments were considered necessary.

Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies
Re: Jamaica Defence Force Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

How our audit addressed the key audit matter (cont'd)

We evaluated the performance of the loan portfolio subsequent to the end of the reporting period to identify significant adjusting subsequent events and did not identify any such events.

Other information

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

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

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

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

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Co-operative Societies Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the financial statements

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

Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies
Re: Jamaica Defence Force Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd) Auditor's Responsibilities for the Audit of the financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies
Re: Jamaica Defence Force Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the financial statements (cont'd)

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sixto Coy.

Kingston, Jamaica

April 14, 2021



HLB Mair Russell
Chartered Accountants

Jamaica Defence Force Co-operative Credit Union Limited

Statement of financial position

December 31, 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Non-current assets			
Earning			
Loans, after provision for loan losses	(4)	1,957,194	1,894,957
Financial investments	(5)	4,571	4,571
		1,961,765	1,899,528
Non-Earning			
Retirement benefit assets	(6)	7,593	16,652
Property, plant and equipment	(7)	19,794	21,656
		27,387	38,308
Total non-current assets		1,989,152	1,937,836
Current assets			
Earning			
Repurchase agreement	(8)	32,576	31,843
Financial investments	(5)	725,595	444,599
Loans, after provision for loan impairment	(4)	119,691	124,647
		877,862	601,089
Non-earning			
Bank and cash balances	(9)	96,583	61,755
Receivables and prepayments	(10)	14,488	14,344
		111,071	76,099
Total current assets		988,933	677,188
Total assets		2,978,085	2,615,024

Jamaica Defence Force Co-operative Credit Union Limited

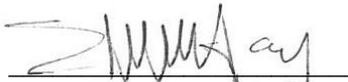
Statement of financial position (cont'd)

December 31, 2020

	Note	2020 \$'000	2019 \$'000
Capital and liabilities			
Capital			
Members' permanent share capital	(11)	28,283	25,115
Institutional capital	(12)	298,357	271,582
Non-institutional capital	(13)	190,058	171,706
Undistributed surplus		283,897	271,769
Total capital		800,595	740,172
Liabilities			
Non-current			
Interest bearing			
Members' voluntary shares	(14)	648,200	598,994
External credits	(15)	633	5,739
Savings deposit	(16)	553,673	481,847
Total non-current liabilities		1,202,506	1,086,580
Current			
Interest bearing			
Member's voluntary shares	(14)	118,817	59,365
External credit	(15)	217	915
Savings deposits	(16)	722,251	625,494
		841,285	685,774
Non-interest bearing			
Accounts payable and accruals	(17)	130,635	100,434
Deferred income	(18)	3,064	2,064
		133,699	102,498
Total current liabilities		974,984	1,209,839
Total liabilities		2,177,490	1,874,852
Total capital and liabilities		2,978,085	2,615,024

Approved for issue by the Board of Directors on April 14, 2021 and signed on its behalf by:


 _____) President
Lt Col Michael Anglin


 _____) Treasurer
WO2 (Ret'd) Everton Hay

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

Jamaica Defence Force Co-operative Credit Union Limited

Statement of income and expenditure

Year ended December 31, 2020

	Note	2020 \$'000	2019 \$'000
Interest income			
Members' loans		267,871	255,422
Investments		16,081	8,502
		283,952	263,924
Interest expense			
Interest on members' deposits		(46,840)	(40,867)
Interest on voluntary shares		(19,786)	(23,347)
		(66,626)	(64,214)
Net interest income		217,326	199,710
Net movement on loan impairment provision	(4c)	(28,916)	(30,231)
Net interest income after loan impairment provision		188,410	169,479
Non-interest income			
Fees and other income		56,287	66,292
		56,287	66,292
Net interest and other income		244,697	235,771
Less: Operating expenses	(19)	(161,684)	(158,864)
Surplus before honorarium and other payments		83,013	76,907
Less: Honorarium		(3,379)	(3,163)
Scholarship fund		(1,500)	(1,500)
IT Enhancement fund		-	(12,000)
Surplus for the year		78,134	60,244

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

Jamaica Defence Force Co-operative Credit Union Limited

Statement of other comprehensive income

Year ended December 31, 2020

	2020 \$'000	2019 \$'000
Surplus for the year (page 9)	78,134	60,244
Other comprehensive income:		
Actuarial (loss)/gain on defined benefit plan (6)	(9,711)	9,338
Total comprehensive income for the year	68,423	69,582

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

Jamaica Defence Force Co-operative Credit Union Limited

Statement of changes in equity

Year ended December 31, 2020

	Permanent Share Capital \$'000	Non- Institutional Capital \$'000	Institutional Capital \$'000	Undistributed Surplus \$'000	Total \$'000
Balance at December 31, 2019	25,115	171,706	271,582	271,769	740,172
Surplus for the year	-	-	-	78,134	78,134
Other comprehensive income					
Actuarial loss on defined benefit plan	-	(9,711)	-	-	(9,711)
Total comprehensive income for the year	-	(9,711)	-	78,134	68,423
Transaction with owners:					
20% statutory reserve	-	-	16,603	(16,603)	-
Retirement benefit asset reserve	-	652	-	(652)	-
Dividends credited to members	-	-	-	(4,413)	(4,413)
Share capital issued	3,168	(154)	-	-	3,014
Transfer to institutional capital	-	-	10,000	(10,000)	-
Transfer of capital expenditure	-	17,663	-	(25,000)	(7,337)
Entrance fees	-	-	172	-	172
Increase in market value of equities	-	564	-	-	564
Transfer to other reserve	-	9,338	-	(9,338)	-
	3,168	28,063	26,775	(66,006)	(8,000)
Balance at December 31, 2020	28,283	190,058	298,357	283,897	800,595

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

Jamaica Defence Force Co-operative Credit Union Limited

Statement of changes in equity

Year ended December 31, 2020

	Permanent Share Capital \$'000	Non- Institutional Capital \$'000	Institutional Capital \$'000	Undistributed Surplus \$'000	Total \$'000
Balance at December 31, 2018	21,905	134,738	247,031	269,568	673,242
Surplus for the year	-	-	-	60,244	60,244
Other comprehensive income					
Actuarial gain on defined benefit plan	-	-	-	9,338	9,338
Total comprehensive income for the year	-	-	-	69,582	69,582
Transaction with owners:					
20% statutory reverse	-	-	15,381	(15,381)	-
Retirement benefit asset reserve	-	8,656	-	(8,656)	-
Dividends credited to members	-	-	-	(6,551)	(6,551)
Share capital issued	3,210	(28)	-	-	3,182
Transfer to institutional capital	-	-	9,100	(9,100)	-
Transfer of capital expenditure	-	20,000	-	(20,000)	-
Entrance fees	-	-	70	-	70
Increase in market value of equities	-	647	-	-	647
Transfer to other reserve	-	7,693	-	(7,693)	-
	3,210	36,968	24,551	(67,381)	(2,652)
Balance at December 31, 2019	25,115	171,706	271,582	271,769	740,172

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

Jamaica Defence Force Co-operative Credit Union Limited

Statement of cash flows

Year ended December 31, 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities:			
Surplus for the year		78,134	60,244
Interest income		(283,952)	(263,924)
Interest expense		66,626	64,214
Depreciation	(7)	3,499	2,675
Employee benefit asset		(652)	(682)
Provision for loan losses	(4c)	17,904	7,416
		(118,441)	(130,057)
Interest received		283,952	263,924
Interest paid		(66,626)	(64,214)
Loans to members		(75,185)	(341,974)
Other assets		(144)	(4,271)
Deferred income		1,000	-
Accounts payables and accruals		30,201	8,323
Net cash provided by/(used in) operating activities		173,198	(268,269)
Cash flows from investing activities:			
Purchase property, plant and equipment	(7)	(1,637)	(10,788)
Investments		(281,165)	(50,318)
Net cash used in investing activities		(282,802)	(61,106)
Cash flows from financing activities:			
External credit		(5,804)	(8,886)
Savings deposit		168,583	220,334
Members' shares		108,658	143,585
Share capital issued		3,014	-
Transfer of capital asset		(7,337)	-
Entrance fees		172	70
Dividends		(4,413)	(6,551)
Net cash provided by financing activities		262,873	348,552
Net increase in bank and cash balances		34,828	19,177
Bank and cash balances at beginning of year		61,755	42,578
Bank and cash balances at end of year	(9)	96,583	61,755

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

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the financial statements

December 31, 2020

1. General information and nature of operations

The Jamaica Defence Force Co-operative Credit Union Limited (“the Co-operative”) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Co-operative is domiciled in Jamaica and its registered office is located at Up Park Camp, Camp Road, Kingston, Jamaica.

The Co-operative’s main activities are the promotion of thrift, the provision of loans to members, exclusively for provident and productive purposes, at a reasonable rate of interest and to receive the savings of its members either as payments on shares or as deposits.

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

The Co-operative is a member of the Jamaica Co-operative Credit Union League (JCCUL).

2. Regulation

The Co-operative Societies Act requires, amongst other provisions, that at least twenty percent (20%) of the net surplus of the Credit Union be transferred to a reserve fund each year. Section 59 of the Act provides for the exemption from income tax and stamp duty for the Credit Union.

3. Summary of significant accounting policies

The Credit Union’s financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties and equity investments.

These financial statements are expressed in Jamaican Dollars (J\$).

a Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Changes in accounting policies

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published and became effective during the current financial year. The Credit Union has assessed the relevance of all such new standards, interpretations and amendments and determined that the following will have an impact on the Credit Union.

- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to References to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

a Basis of preparation (cont'd)

Standards, interpretations and amendments to published standards effective in the current year (cont'd)

These amendments do not have a significant impact on the Credit Union's financial statements and therefore the disclosures have not been made.

Standards, amendments and interpretations issued but not yet effective and have not been early adopted by the Credit Union

At the date of approval of these financial statements, certain new standards amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Credit Union.

Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not early adopted or listed below are not expected to have a material impact on the Credit Union's financial statements.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018 – 2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The Credit Union is currently assessing the impact of future adoption of the new standards on its financial statements.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

b Property, plant and equipment

(i) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses [see note 3(m)]. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised on the straight-line basis at annual rates estimated to write-off the relevant assets over their expected useful lives. However, depreciation is prorated on a monthly basis during the year of purchase. The rates used are as follows:

Furniture and fixtures	- 10% per annum
Computers	- 20% per annum
Equipment	- 20% per annum
Containers	- 2.5% per annum
Leasehold improvements	- 5% per annum
Generator	- 10% per annum

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

c Fee income

Fee income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Co-operative recognises revenue when it transfers control over a service to a customer. Fee income are recognised as the related services are performed.

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

Fee income was recognised when the related service was provided.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

d Foreign currency translation:

Functional and presentation currency

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

Foreign currency translations and balances

- (i) Foreign currency balances at the date of the statement of financial position have been translated at rates of exchange ruling at that date;
- (ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions;
- (iii) Gains/losses arising from fluctuations in exchange rates are included in the Statement of comprehensive income.

e Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis, using the effective yield method, based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Where collection of interest income is considered doubtful, the related financial instruments are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

f Fees and other income

Fees and other income are recognised on an accruals basis. Loan origination fees are deferred and are recognised over the life of the loan, as an adjustment to the effective yield on the loans.

g Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Credit Union incurs an obligation, which is typically when the related goods are sold.

h Financial instruments

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

Financial assets

The Credit Union's financial assets comprise investments, cash and bank balances and receivables.

Financial liabilities

The Credit Union's financial liabilities comprise payables and due to related parties.

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets expired or have been transferred and the Credit Union has transferred substantially all the risks and rewards of ownership.

(ii) Classification and measurement of financial assets

At initial recognition, the company measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

h Financial instruments (cont'd)

(ii) Classification and measurement of financial assets (cont'd)

Subsequent measurement of debt instruments depends on the Credit Union's business model for managing the asset and the cash flow characteristics of the asset. There are the three measurement categories for debt instruments under IFRS 9:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets using the effective interest rate method is included in other operating income together with foreign exchange gains and losses. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.
- Fair value through other comprehensive income (FVOCI) - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Credit Union subsequently measures all equity investments at fair value. The Credit Union's management has elected to present fair value gains or losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Credit Union 's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

- Fair value through profit or loss (FVPL) -Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

h Financial instruments (cont'd)

(iii) Impairment

The Credit Union assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In applying this forward-looking approach, a distinction is between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”) and
- financial instruments that have deteriorated significantly in credited quality since initial recognition and whose credit risk is not low (“Stage 2”).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For loan, trade and other receivables, the Credit Union applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Financial liabilities

The Credit Union’s financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: payables, borrowings, due to related parties and due to shareholders.

i Reverse repurchase agreements:

A reverse repurchase agreement (“reverse repo”) is a short-term transaction whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Reverse repos are accounted for as short-term collateralised lending and are measured at amortised cost.

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

The difference between the purchase and resale considerations is recognised on the accrual basis over the period of the transaction, using the effective interest method, and is included in interest income.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

j Accounts receivable

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

k Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and at bank and deposits with original maturities of less than 90 days.

l Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

m Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

n Employee benefits

(i) Pension plan

The Credit Union participates in a multi-employer defined benefit pension plan. The pension plan is generally funded by payments from employees and by the participating Credit Unions, taking into account the recommendations of independent qualified actuaries.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

Past-service costs are recognised immediately in the statement of comprehensive income.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Credit Union before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Credit Union recognises termination benefits at the earlier of the following dates: (a) when the Credit Union can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

o Accounts payable

Accounts payable are initially recorded at fair value and subsequently stated at amortised cost using the effective interest method.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

p Provisions

Provisions are recognised when the Credit Union has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

q Members' voluntary shares

Members' voluntary shares represent withdrawable deposit holdings of the Credit Union's members to facilitate eligibility for loans and other benefits. Interest paid on these shares are determined at the discretion of the Credit Union and reported as interest expense in the statement of comprehensive income in the period in which they are approved.

r Members' permanent share capital

Members' permanent share capital represents shares paid up in cash and form part of the risk capital of the Credit Union. Members' permanent share capital may be redeemable subject to the sale, transfer or repurchase of such shares. Dividends on members' permanent share capital are recognised in members' voluntary shares in the period in which they are approved by the Credit Union's members.

s Institutional capital

Institutional capital includes the statutory reserve fund, as well as various other reserves 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 to members.

t Non-institutional capital

Non-institutional capital includes various reserves established from time to time which, in the opinion of the directors, are necessary to support the operations of the Credit Union.

u Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

3. Summary of significant accounting policies (cont'd)

v Leases

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Receipts under operating leases are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

w Critical accounting estimates and judgements in accounting policies

Estimates and judgements 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.

The Credit Union makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pension and post-retirement benefits

The cost of these benefits and the net present value of the pension and the other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets and discount rate. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect Planned funding of the pension plans.

The expected return on plan assets assumption is determined on a uniform basis, considering long term historical returns, asset allocation and future estimates of long term investment returns. The actuaries determine the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on data supplied by the Jamaica Co-operative Credit Union League as well as on current market conditions.

x Comparative information

Certain previous year's figures have been restated to conform to current year's presentation.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

4. Loans, after provision for expected credit losses

(a) Movement in loans during the year

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	2,079,127	1,735,172
Add: Disbursement during the year	1,210,794	1,488,953
	3,289,921	3,224,125
Less: Repayment	(1,135,609)	(1,144,998)
	2,154,312	2,079,127
Less: Expected credit losses	(77,427)	(59,523)
	2,076,885	2,019,604
Less: Current portion	(119,691)	(124,647)
Total	1,957,194	1,894,957

(b) Expected credit losses

	2020 \$'000	2019 \$'000
Provision for impairment at beginning of year	59,523	52,107
Increase amounts provided for during the year	17,904	7,416
Provision for impairment at end of year	77,427	59,523

(c) Net movement on loan loss provision during the year:

	2020 \$'000	2019 \$'000
Increase in loan loss provision	17,904	7,416
Loan written-off that were not previously provided for	11,012	28,816
Balance at end of year	28,916	36,232

(d) Delinquent loans

At December 31, 2020, there were one hundred and eighty-two (182) (2019 – one hundred and forty-nine (149)) delinquent loans aged as disclosed below. At minimum, the total loan provision derived below is consistent with the loan loss provisioning rules of the League. The total provision for 2020 and 2019 was not in excess of the provision required under IFRS provisioning rules as indicated in Note 6(e) below.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

4. Loans, after provision for expected credit losses (cont'd)

These loans are summarised as follows:

2020						
Number of Months in Arrears	Total number of loans	Delinquent loans \$	Savings held against loans \$	Exposure \$	Rates %	PEARLS Provision Required \$
Less than 2	11	8,487	-	8,487	-	-
2 to 3	7	3,376	-	3,376	10	338
3 to 6	21	9,120	-	9,120	30	2,736
6 to 12	58	25,788	-	25,788	60	15,473
Over 365	85	36,263	-	36,263	100	36,263
Total	182	83,034	-	83,034		54,810

2019						
Number of Months in Arrears	Total number of loans	Delinquent loans \$	Savings held against loans \$	Exposure \$	Rates %	PEARLS Provision Required \$
Less than 2	18	8,026	-	8,026	-	-
2 to 3	7	1,769	-	1,769	10	176
3 to 6	34	6,736	-	6,736	30	2,021
6 to 12	60	19,814	-	19,814	60	11,888
Over 365	27	16,386	-	16,386	100	16,386
Total	149	52,731	-	52,731		30,472

(e) Loans, net of provision for probable losses are due from the reporting date as follows:

	2020 \$'000	2019 \$'000
Within 1 – 3 months	48,307	5,842
From 3 months to 1 year	71,384	99,649
From 1 year to 5 years	1,450,181	1,501,371
Over 5 years	507,013	412,742
Total	2,076,885	2,019,604

As the IFRS provision exceeded the provisioning requirements of JCCUL, no appropriation of undistributed surplus to the loan loss reserve was considered necessary.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

5. Financial investments

	2020 \$'000	2019 \$'000
Non-current, at fair value through other comprehensive income		
JCCUL – Shares unquoted	4,344	4,344
Shares – Quality Network Co-operative	227	227
	4,571	4,571
Current - Fair value through profit or loss		
VMBS Mortgage Fund	2,779	2,628
Barita Unit Trust	17,605	17,125
JMMB Fund	2,284	2,200
VMBS Wealth Management	200,000	-
Credit Union Fund Management Company	479,818	399,972
	702,486	421,925
Amortised cost		
JCCUL Cuet	9,635	9,534
Mortgage funds	13,474	13,140
	23,109	22,674
Total current	725,595	444,599
Total	730,166	449,170

6. Retirement benefit

The Co-operative participates in a defined benefit plan operated by the Jamaica Co-operative Credit Union League Limited. This plan that is jointly funded by payments from employees of at least 5% (with 5% optional additional contribution) and by the Co-operative at 5%-8% of the employee's taxable remuneration, taking into account the recommendations of independent qualified actuaries.

Asset recognised in the statement of financial position

	2020 \$'000	2019 \$'000
Present value of funded obligation	(88,872)	(69,323)
Fair value of plan assets	96,465	85,975
Asset recognised in the statement of financial position	7,593	16,652

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

6. Retirement benefit (cont'd)

The movement in the defined benefit asset during the year is as follows:

	2020 \$'000	2019 \$'000
Balance at beginning of year	16,652	7,996
Employer's contributions	4,028	3,443
Benefits paid	(3,376)	(4,125)
Re-measurement (loss)/gain recognised in other comprehensive income	(9,711)	9,338
Balance at end of year	7,593	16,652

The movement in the defined benefit obligation over the year is as follows:

	2020 \$'000	2019 \$'000
Balance at beginning of year	(69,323)	(67,567)
Current service cost	(9,315)	(8,999)
Employees contribution	(2,886)	(2,457)
Benefits paid	1,303	2,629
	(80,221)	(76,394)
Re-measurements		
Gain from changes in demographic assumptions	960	4,800
Experience gains	(9,611)	2,271
	(8,651)	7,071
Balance at end of year	(88,872)	(69,323)

Changes in the fair value of plan assets

	2020 \$'000	2019 \$'000
Balance at beginning of year	85,975	75,563
Contributions paid	6,913	5,901
Interest income on plan assets	6,658	5,404
Administrative expense	(719)	(531)
Remeasurement (loss)/gain	(1,059)	2,267
Benefits paid	(1,303)	(2,629)
Changes in the fair value of plan assets at end of year	96,465	85,975

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

6. Retirement benefit (cont'd)

Plan assets are comprised as follows:

	2020 \$'000	2020 %	2019 \$'000	2019 %
J\$ Debentures	30,183	31.29	28,690	33.37
Repurchase Agreements	1,996	2.07	3,736	4.35
Investment properties	23,398	24.26	19,148	22.27
US\$ Debentures	15,249	15.81	4,042	4.70
Certificates of deposit	2,781	2.88	2,459	2.86
Quoted equities	19,633	20.35	20,879	24.28
Real estate investment trust fund	1,052	1.09	899	1.05
Government bonds	-	-	7,575	8.81
Unit Trust	4,071	4.22	2,659	3.09
Other	(1,898)	(1.97)	(4,112)	(4.78)
	96,465	100	85,975	100

The amounts recognised in the net surplus are as follows:

	2020 \$'000	2019 \$'000
Current service cost	4,056	4,275
Interest cost on obligation	5,259	4,724
Administrative expenses	719	530
Interest income (net)	(6,658)	(5,404)
Total, included in staff costs (Note 19)	3,376	4,125

Movements in the amounts recognised in other comprehensive income:

	2020 \$'000	2019 \$'000
Re-measurement (loss)/gain on obligation	(8,652)	7,071
Re-measurement (loss)/gain on plan assets	(1,059)	2,267
Asset at end of year	(9,711)	9,338

The significant actuarial assumptions used were as follows:

	2020 %	2019 %
Discount rate	9	7.5
Future salary increases	6.5	5
Expected pension increase	4.5	3
Price inflation (CPI)	6	4

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

6. Retirement benefit (cont'd)

Sensitivity analysis of key economic assumptions:

Any change in the defined benefit obligation from one percent (1%) change in each of the key economic assumptions will have the following impact:

	Impact on Post-employment obligations				
	Change in assumption %	2020		2019	
		Increase in assumption \$'000	Decrease in assumption \$'000	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1	(18,253)	24,653	(14,230)	19,357
Future salary increases	1	10,844	(9,098)	9,266	(7,809)
Expected pension increase	1	11,622	(9,619)	8,103	(6,718)

This analysis assumes that all other variables remain constant.

Impact on defined benefit obligation of a one year increase in life expectancy:

	2020 \$'000	2019 \$'000
Life expectancy	2,390	1,820

The liability duration for each category of Member as at the current and prior period measurement dates is shown below:

Category of Participant	Liability duration (years)	
	2020 \$'000	2019 \$'000
Active Members	26.6	24.8
Deferred Pensioners	18.6	25.9
All Participants	25.2	24.9

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

7. Property, plant and equipment

The carrying amounts for property and equipment for the years included in these financial statements as at December 31, 2020 can be analysed as follows:

	Motor Vehicles \$'000	Furniture & Fixtures \$'000	Computer \$'000	Equipment \$'000	Containers \$'000	Leasehold improvement \$'000	Generator \$'000	Total \$'000
Gross carrying amount								
Balance at December 31, 2019	8,675	4,939	6,000	8,499	8,652	8,938	2,506	48,209
Additions	-	186	1,203	248	-	-	-	1,637
Balance at December 31, 2020	8,675	5,125	7,203	8,747	8,652	8,938	2,506	49,846
Depreciation								
Balance at December 31, 2019	(273)	(3,386)	(3,830)	(6,636)	(6,486)	(4,503)	(1,439)	(26,553)
Charge for the year	(651)	(175)	(377)	(824)	(807)	(418)	(247)	(3,499)
Balance at December 31, 2020	(924)	(3,561)	(4,207)	(7,460)	(7,293)	(4,921)	(1,686)	(30,052)
Carrying amount at December 31, 2020	7,751	1,564	2,996	1,287	1,359	4,017	820	19,794

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

7. Property, plant and equipment (cont'd)

	Motor Vehicles \$'000	Furniture & Fixtures \$'000	Computer \$'000	Equipment \$'000	Containers \$'000	Leasehold improvement \$'000	Generator \$'000	Total \$'000
Gross carrying amount								
Balance at December 31, 2018	-	4,448	5,468	7,559	8,652	8,788	2,506	37,421
Additions	8,675	491	532	940	-	150	-	10,788
Balance at December 31, 2019	8,675	4,939	6,000	8,499	8,652	8,938	2,506	48,209
Depreciation								
Balance at December 31, 2018	-	(3,213)	(3,704)	(6,004)	(5,679)	(4,085)	(1,193)	(23,878)
Charge for the year	(273)	(173)	(126)	(632)	(807)	(418)	(246)	(2,675)
Balance at December 31, 2019	(273)	(3,386)	(3,830)	(6,636)	(6,486)	(4,503)	(1,439)	(26,553)
Carrying amount at December 31, 2019	8,402	1,553	2,170	1,863	2,166	4,435	1,067	21,656

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

8. Repurchase agreement

	2020 \$'000	2019 \$'000
Jamaica Money Market Brokers Limited Resale agreement	32,576	31,843
Total	32,576	31,843

The fair value of securities held under resale agreements is assumed to approximate their carrying value, due to their short-term nature.

9. Bank and cash balances

	2020 \$'000	2019 \$'000
Cash in hand	5,833	6,489
Bank account balance	90,750	55,266
Total	96,583	61,755

10. Receivables and prepayments

	2020 \$'000	2019 \$'000
Withholding tax recoverable	3,867	2,909
Interest receivable	278	263
Other receivable	8,403	9,693
Prepaid expenses	1,940	1,479
Total	14,488	14,344

11. Members' permanent share capital

Permanent shares are shares issued at no par value, paid up in cash and invested as risk capital which forms a permanent part of the capital of the Co-operative, and are issued with rights and restrictions based on the rules of the Co-operative. Permanent shares may be redeemable subject to transfer, sale or re-purchase; but the Board of Directors reserves the right at any time to require a member to give notice not exceeding six months, provided that the member is not liable to the Co-operative as a borrower, endorser, co-maker or guarantor without the approval of the Board of Directors.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

12. Institutional capital

	2020 \$'000	2019 \$'000
Statutory reserve	263,495	236,893
Capital reserve	34,078	34,078
	297,573	270,971
Entrance fees	784	611
Total	298,357	271,582

Institutional capital forms a part of the permanent capital of the Co-operative and is not available for distribution.

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 net surplus be carried to a reserve fund. Upon application by a Registered Co-operative, the Registrar may allow the required percentage to be reduced, but not below 10%. The transfer is calculated on profits, net of loan loss reserve.

Capital reserve

Capital reserve is increased from time to time by amounts appropriated from undistributed surplus, which, in the opinion of the directors, are necessary to support the operations of the Co-operative and thereby protect the interest of the members. The amount transferred is determined at the Annual General Meeting.

13. Non-Institutional capital

	2020 \$'000	2019 \$'000
Other reserve	41,953	32,615
Building reserve	47,663	30,000
General reserve	2,726	2,675
Employee benefit reserve	7,594	16,652
Unsecured loans reserve	85,000	85,000
Investment reserve	5,122	4,764
Total	190,058	171,706

Building reserve

This reserve represents an amount set aside for the construction of a building. The amount transferred is determined by the members at the Annual General Meeting and are treated as distributions from the Co-operative's surplus for the year.

General reserve

General reserve is established from time to time by amounts appropriated from undistributed surplus, which in the opinion of the directors, are necessary to support the operations of the Co-operative and thereby protect the interest of the members. The amount transferred is determined at the Annual General Meeting.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

13. Non-Institutional capital (cont'd)

Employee benefit reserve

The employee benefit reserve represents pension surplus arising on the IAS 19 actuarial valuation of the pension plan in which the Co-operative participates. Annual changes in the value of the plan are shown in other comprehensive income, then transferred to this reserve.

Unsecured loans reserve

The reserve represents an amount set aside to support unsecured loans granted to members. The amount transferred to or from the surplus is determined at the Annual General Meeting.

Investment reserve

Annual changes in the fair value of certain available-for-sale investments are shown in the other comprehensive income then transferred to this reserve.

14. Members' voluntary shares

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	658,359	517,985
Add: New deposits	1,310,833	1,211,520
	1,969,192	1,729,505
Less: Withdrawals and transfers	(1,202,175)	(1,071,146)
	767,017	658,359
Less: Current portion	(118,817)	(59,365)
Total	648,200	598,994

Voluntary shares have no par value and are not a part of risk capital. The following rights and restrictions are attached to members' voluntary shares:

- (i) Monies paid into voluntary shares may be withdrawn in whole or in part on any day when the Co-operative is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding six (6) months; provided, however, that no member may withdraw any shareholdings below the amount of his liability to the Co-operative as a borrower or co-maker.
- (ii) Voluntary shares shall be treated as liabilities of the Co-operative.
- (iii) Subject to the profitability of the Co-operative, the Board of Directors may recommend the declaration and payment of dividends on voluntary shares in amounts and at times as it may determine.
- (iv) The Co-operative shall have a lien on all voluntary shares and deposits of a member for and to the extent of, any sum due to the Co-operative from the said member or any loan endorsed by him.
- (v) Voluntary shares shall be required to utilise the products and services of the Co-operative as determined by the Board of Directors from time to time.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

15. External credits

	2020 \$'000	2019 \$'000
(i) JCCUL - Mortgage loan	-	5,604
(ii) Development Bank of Jamaica – Energy loan	850	1,050
	850	6,654
Less: Current portion	(217)	(915)
Total	633	5,739

- (i) This represents two loans granted by JCCUL to the Co-operative and bears interest at 7% per annum. The loans are on-lent by the Co-operative to its members and bears interest at 12% per annum. The repayment terms are based on the tenure of the mortgage contracts.

This loan was repaid during the year.

- (ii) This represents loans from The Development Bank of Jamaica. These loans bear interest at 6.5% and are repayable up to 96 months after disbursement.

16. Savings deposits

	2020 \$'000	2019 \$'000
Term deposits	219,794	185,551
SHYDA deposits	567,550	524,421
Regular deposits	270,378	182,087
Partner plan	48,494	18,030
SWYS Plus	104,002	100,949
Christmas special	3,408	2,999
Golden Harvest	62,298	93,304
	1,275,924	1,107,341
Less: Current portion	(722,251)	(625,494)
Total	553,673	481,847

17. Accounts payables and accruals

	2020 \$'000	2019 \$'000
IT enhancements	7,892	13,383
Withholding tax	238	233
Audit fees	1,848	1,393
Other payables	60,826	40,763
Accruals	38,608	31,310
Deceased members deposits	5,480	5,480
Standing order	5,545	4,868
Online ATM payable	8,561	1,606
Scholarship fund	1,637	1,397
Total	130,635	100,433

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

18. Deferred income

Deferred income includes an amount received from the Stabilisation Fund maintained by JCCUL to assist Credit Unions with the cost in respect of implementation of IFRS 9 and Transaction Monitoring Software.

	2020 \$'000	2019 \$'000
Balance at beginning of the year	2,064	2,064
Amount received from JCCUL during the year	1,000	-
Balance at end of year	3,064	2,064

The amount held as deferred income is earmarked to be used for IFRS 9 related expenses since 2019, which will be subsequently transferred to profit or loss to offset any costs incurred. Additional amounts held in deferred income relate to amounts received to support the implementation of a Transaction Monitoring Software.

19. Operating expenses

	2020 \$'000	2019 \$'000
Staff costs		
Salaries, allowances and contributions	93,452	85,107
Statutory deductions	7,870	7,029
Staff training	2,896	1,117
Pension cost	4,085	4,391
	108,303	97,644
General overheads		
Administrative	2,951	1,163
Audit fees	2,415	3,850
Depreciation	3,499	3,119
Electricity	4,078	3,085
Insurance premiums	4,892	4,241
Office expense	4,064	4,663
Professional and accounting fees	2,788	387
Printing, stationery and postage	1,871	2,887
Repairs and maintenance	4,811	4,060
Travel and subsistence	900	1,382
Telephone, cable, postage and telegram	2,694	1,706
Finance cost	600	1,547
Total administrative expenses	35,563	32,090
Representation and affiliation		
League fees and other fees	5,127	4,332
Board and committee meetings	4,815	10,319
League annual general meeting	-	1,707
Annual general meeting	2,662	4,001
Stabilisation dues	1,766	2,107
Total representation and affiliation expenses	14,370	22,466
Marketing and promotion		
Advertising and promotion	2,748	6,014
Donations	700	650
Total marketing and promotion expenses	3,448	6,664
Total operating expenses	161,684	158,864

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

20. Staff and volunteers' loans and deposits

Loans to members include loans granted to members of staff, the Board of Directors and members of supervisory and credit committees as follows:

	2020		
	Number	Loans \$'000	Shares and deposits \$'000
Staff	23	90,765	30,046
Volunteers	22	46,031	28,270
	2019		
	Number	Loans \$'000	Shares and deposits \$'000
Staff	21	100,629	23,287
Volunteers	17	57,248	22,923

Loans to staff are granted at concessionary rates of interest. For other loans, no special conditions were attached and the conditions of repayment have been complied with.

21. Related party transactions and balances

(a) Identity of related parties:

The Co-operative has a related party relationship with its directors and key management personnel and the pension scheme. Related party balances are disclosed in note 20.

(b) Key management compensation

	2020 \$'000	2019 \$'000
Salaries and other short-term employee benefits	24,286	34,748
Total	24,286	34,948

22. Insurance

The Co-operative maintained life, savings and loan protection insurance coverage during the year. Premiums of \$3,265,500 (2019 - \$2,884,000), which includes fidelity insurance coverage, were paid during the year.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

23. Comparison of ledger balances

	2020		
	Members deposits \$'000	Loans, gross \$'000	Members' savings voluntary shares \$'000
General ledger	1,275,924	2,154,312	767,017
Members' ledger	1,275,924	2,154,312	767,017
Differences as at December 31, 2020	-	-	-
	2019		
	Members deposits \$'000	Loans, gross \$'000	Members' savings voluntary shares \$'000
General ledger	1,107,341	2,079,127	658,359
Members' ledger	1,107,341	2,079,127	658,359
Differences as at December 31, 2019	-	-	-

24. Risk management policies

The Credit Union's activities expose it to a variety of financial risks in respect of its financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Credit Union risk management is coordinated at its head office in close cooperation with the board of directors, and focuses on actively securing the Credit Union's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Board of Directors has overall responsibility for the establishment and oversight of the Co-operative's risk management framework. The Co-operative's risk management policies are established to identify and analyse the risks faced by the Co-operative, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board, through its various committees is responsible for monitoring compliance with the Co-operative's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Co-operative.

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises mainly from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk and Compliance Officer who monitors price movements of financial assets on the local market. Market risk exposures are measured using sensitivity analysis. There has been no change to the Credit Union's exposure to market risk or the manner in which it manages and measures the risk.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

a Market risk (cont'd)

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The co-operative is not significantly exposed to foreign currency risk as it does not have significant balances that are denominated in currencies other than the Jamaican dollar.

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates, and arises mainly from investments, loans and deposits.

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. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Asset and Liability Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the management team and treasury personnel.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

a Market risk (cont'd)

ii Interest rate risk (cont'd)

The following tables summarise the Credit Union's exposure to interest rate risk. It includes the Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

2020							
	Average Interest Rate %	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial assets							
Earning assets							
Reverse repurchase agreements	1.9	32,576	-	-	-	-	32,576
Financial investments	5.7	725,595	-	4,571	-	-	730,166
Loans, net of impairment provision	1.2	48,307	71,384	1,450,181	507,013	-	2,076,885
Non-earning assets		-	-	-	-	111,071	111,071
Total financial assets		806,478	71,384	1,454,752	507,013	111,071	2,950,698
Interest bearing liabilities							
Members' deposits	4.45	370,275	351,976	553,673	-	-	1,275,924
Members' voluntary shares	2.5	26,512	92,305	648,200	-	-	767,017
External credit	8.5	17	200	633	-	-	850
Non-interest bearing liabilities		-	-	-	-	133,699	133,699
Total financial liabilities		396,804	444,481	1,202,506	-	133,699	2,177,490
Total interest rate Sensitivity Gap		409,674	(373,097)	252,246	507,013	(22,628)	773,208
Cumulative Gap		409,674	36,577	288,823	795,836	773,208	

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

a Market risk (cont'd)

ii Interest rate risk (cont'd)

	2019					Total \$'000
	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	Non-Interest Bearing \$'000	
Financial assets						
Earning assets						
Reverse repurchase agreements	31,843	-	-	-	-	31,843
Financial investments	444,599	-	4,571	-	-	449,170
Loans, net of impairment provision	5,842	99,649	1,501,371	412,742	-	2,019,604
Non-earning assets	-	-	-	-	76,099	76,099
Total financial assets	482,284	99,649	1,505,942	412,742	76,099	2,576,716
Interest bearing liabilities						
Members' deposits	172,025	453,469	481,847	-	-	1,107,341
Members' voluntary shares	13,050	46,315	598,994	-	-	658,359
External credit	74	841	5,739	-	-	6,654
Non-interest bearing liabilities	-	-	-	-	102,498	102,498
Total financial liabilities	185,149	500,625	1,086,580	-	102,498	1,874,852
Total interest rate Sensitivity Gap	297,135	(400,976)	419,362	412,742	(26,399)	701,864
Cumulative Gap	297,135	(103,841)	315,521	728,263	701,864	

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

a Market risk (cont'd)

Interest rate sensitivity

The Credit Union's interest bearing financial instruments are at fixed rate therefore a change in interest rate at the reporting date would not affect income.

The Credit Union variable rate instruments as at the reporting date are insignificant and therefore would not have a significant impact on the fair value of the instrument.

b Credit risk

The Credit Union takes on exposure to credit risk, which is the risk that its members or counterparties will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in financial instruments not included in the statement of financial position, such as loan commitments. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty, related counterparties and industry segments.

Credit review process

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

(i) Loans

The Credit Union assesses the probability of default of borrowers. Exposure to credit risk is managed in part by obtaining collateral and personal guarantees. 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.

(ii) Investments

The Credit Union limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have high credit quality, and in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the member and the size of the loan. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

- Mortgages over real estate
- Security contracts on motor vehicles
- Hypothecated financial instruments such as certificates of deposits with regulated financial institutions
- Liens on members' deposits maintained with the Credit Union

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

b Credit risk (cont'd)

Management monitors the market value of collateral, during its review of the adequacy of the provision for credit losses.

Loans to members and expected credit loss

The Credit Union applies the “three stage” model under IFRS 9 in measuring the expected credit losses on loans, and makes estimations about likelihood of defaults occurring, associated loans 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 loans.

- 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 – The LGD represents the 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 categorise financial assets according to credit quality as follows:

- Stage 1 – financial assets that are not credit impaired on initial recognition or are deemed to have low credit risk. These assets generally abide by the contractual credit terms. The ECL is measured using a 12 month PD, which represents the probability that the financial asset will default within the next 12 months.
- Stage 2 – financial assets with a significant increase in credit risk (SICR) since initial recognition, but are not credit impaired. The ECL is measured using a lifetime PD.
- Stage 3 – credit impaired financial assets. The ECL is measured using a lifetime PD.

Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment.

In measuring the expected credit losses, the loan to member have been assessed on a case by case basis as they possess different credit risk characteristics. They have been grouped based on the loan type (motor vehicle, real estate, cash secured and unsecured), past due days and also according to the geographical location of customers.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

b Credit risk (cont'd)

The expected loss rates are based on the payment profile for customers over the past three years before December 31, 2020 and January 1, respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Bank has identified interest rate, exchange rate gross domestic product (GDP) and unemployment rates of Jamaica to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors.

On the above basis the expected credit loss for loan members receivables as at December 31, 2020 and January 1, 2020 was determined as follows:

The credit quality of loans is as follows:

Loan stage	December 31, 2020		
	Total loan balance \$	Expected credit loss \$	Expected credit loss rate %
Stage 1	1,996,740	27,119	1.3
Stage 2	95,722	2,940	3
Stage 3	61,850	47,368	76
Total	2,154,312	77,427	

Loan stage	December 31, 2019		
	Total loan balance \$	Expected credit loss \$	Expected credit loss rate %
Stage 1	1,967,240	34,662	2
Stage 2	82,960	1,454	2
Stage 3	28,927	23,407	81
Total	2,079,127	59,523	

Impairment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 30 days, or there are any known difficulties in the cash flows of counterparties, or there are infringements of the original terms of the contract.

The Credit Union addresses impairment assessment individually. An impairment allowance is provided for each individual loan that is impaired with no consideration of materiality. At minimum, an impairment assessment is conducted annually.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

b Credit risk (cont'd)

Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the statement of financial position date on a case-by-case basis, and are applied to all accounts with a past due date of more than 30 days. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The loan loss provisioning rules described above focus more on credit-quality mapping of the respective delinquency periods to corresponding pre-determined percentages. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements may differ from the amount determined from the League's loan loss provisioning rules that are used for internal operational management and the Credit Union's internal provisioning method.

The table below shows loans to members and the associated IFRS impairment provision:

	2020	
	Loans \$'000	Impairment provision \$'000
Loans to members	2,154,312	77,427

	2019	
	Loans \$'000	Impairment provision \$'000
Loans to members	2,079,127	59,523

Maximum exposure to credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements

For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

The following table explains the changes in the loan loss provision between the beginning and the end of the financial year.

(i) Expected credit losses on loans

	2020 \$'000	2019 \$'000
Provision for impairment at beginning of year	59,523	52,107
Increase in amounts provided for during the year	17,904	7,416
Provision for impairment at end of year	77,427	59,523

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

b Credit risk (cont'd)

(ii) Renegotiated loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans. As at December 2020, there were no renegotiated loans.

(iii) Loans

The following table summarises the Credit Union's credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	2020 \$'000	2019 \$'000
Cash secured	107,842	98,341
Motor vehicle	635,597	566,342
Real estate	201,711	242,717
Unsecured	1,209,162	1,171,727
	2,154,312	2,079,127
Loss allowance	(77,427)	(59,523)
Total	2,076,885	2,019,604

c Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet its commitments associated with 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 members and fulfil commitments to lend.

Liquidity risk management process

The Credit Union's liquidity risk management processes are monitored by the Treasury Committee includes:

- (i) monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash outflows and the availability of cash to meet these outflows;
- (ii) maintaining a balanced portfolio between financial investments and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) optimising cash returns on investments;
- (iv) maintaining committed lines of credit; and
- (v) monitoring statement of financial position liquidity ratios against internal and regulatory requirements.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

c Liquidity risk (cont'd)

Monitoring and reporting take the form of cash flow measurement and projections 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 matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Credit Union. It is unusual for financial institutions to ever be completely matched since business transacted is often on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

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

The Co-operative is subject to a liquidity limit imposed by the League and compliance is regularly monitored. The key measure used by the Co-operative for managing liquidity risk is the ratio of liquid assets, minus short-term liabilities, to total savings deposits. For this purpose, liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 13.75% (2019 - 8%).

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

c Liquidity risk (cont'd)

Financial liabilities and assets held for managing liquidity risk.

The tables below present the cash flows receivable and payable of the Credit Union for financial liabilities and assets held for managing liquidity risk by remaining contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows (principal and interest cash flows).

	2020					Total \$'000
	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	No Specific Maturity \$'000	
Financial assets						
Earning assets						
Reverse repurchase agreements	32,576	-	-	-	-	32,576
Financial investments	725,595	-	4,571	-	-	730,166
Loans, net of impairment provision	48,307	71,384	1,450,181	507,013	-	2,076,885
Non-earning assets	-	-	-	-	111,071	111,071
Total financial assets	806,478	71,384	1,454,752	507,013	111,071	2,950,698
Interest bearing liabilities						
Members' deposits	370,275	351,976	553,673	-	-	1,275,924
Members' voluntary shares	26,512	92,305	648,200	-	-	767,017
External credit	17	200	633	-	-	850
Non-interest bearing liabilities	-	-	-	-	133,699	133,699
Total financial liabilities	396,804	444,481	1,202,506	-	133,699	2,177,490

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

c Liquidity risk (cont'd)

2019

	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	Non-Interest Bearing \$'000	Total \$'000
	Financial assets					
Earning assets						
Reverse repurchase agreements	31,843	-	-	-	-	31,843
Financial investments	444,599	-	4,571	-	-	449,170
Loans, net of impairment provision	5,842	99,649	1,501,371	412,742	-	2,019,604
Non-earning assets	-	-	-	-	76,099	76,099
Total financial assets	482,284	99,649	1,505,942	412,742	76,099	2,576,716
Interest bearing liabilities						
Members' deposits	172,025	453,468	481,847	-	-	1,107,341
Members' voluntary shares	13,050	46,315	598,994	-	-	658,359
External credit	74	841	5,739	-	-	6,654
Non-interest bearing liabilities	-	-	-	-	102,498	102,498
Total financial liabilities	185,149	500,625	1,086,580	-	102,498	1,874,852

assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and bank balances, investment securities and loans. In the normal course of business, a proportion of members' loans contractually repayable within one year will be extended. The Credit Union is also able to meet unexpected net cash outflows by selling securities and accessing overdraft facilities from its main financing institutions.

The members' voluntary shares are contractually on call except in cases where these balances are held as security for loan facilities.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

24. Risk management policies (cont'd)

Off-statement of financial position items

d Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements.

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

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Board and management. This responsibility is supported by overall Credit Union standards for the management of operational risk in the following areas:

- (i) requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- (ii) requirements for the appropriate segregation of duties, including the independent authorisation of transactions
- (iii) requirements for the reconciliation and monitoring of transactions
- (iv) compliance with regulatory and other legal requirements
- (v) documentation of controls and procedures
- (vi) requirements for the reporting of operational losses and proposed remedial action
- (vii) development of contingency plans
- (viii) training and professional development
- (ix) ethical and business standards
- (x) risk mitigation, including insurance where this is effective

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, senior management and the Board of Directors.

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

25. Fair value estimation

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 (an exit price).

Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a number of financial assets and liabilities held and issued by the Credit Union. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used in determining or estimating the fair value of the Credit Union's financial instruments:

- (i) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- (ii) The fair value of members' deposits is assumed to be the amount payable on demand at the statement of financial position date.
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- (iv) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans, the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.
- (v) Financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques. Unquoted equities classified as available-for-sale are measured at historical cost less impairment, as their fair values cannot be reliably determined.
- (vi) Financial investments classified as held-to-maturity are measured at amortised cost with a carrying value of \$758,171 (2019 - \$476,442) for which the fair value has been estimated at \$758,171 (2019 - \$476,442).

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

25. Fair value estimation (cont'd)

- (vii) The estimated fair values of the off-statement of financial position financial instruments is assumed to approximate the amount committed at year end.
- (viii) The carrying value of borrowings approximates fair value as the borrowings are carried at amortised cost reflecting its contractual obligations, and the interest rates are reflective of current rates for similar transactions.

Financial instruments that are measured in the statement of financial position at fair value are grouped based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Credit Union's financial assets that are measured at fair value:

December 31, 2020

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for-sale financial assets				
Unquoted equities	4,571	-	-	4,571
Fixed and other deposits	-	758,171	-	758,171
Total	4,571	758,171	-	762,742

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

25. Fair value estimation (cont'd)

December 31, 2019

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for-sale financial assets				
Unquoted equities	4571	-	-	4,571
Fixed and other deposits	-	476,442	-	476,442
Total	4,571	476,442	-	481,013

There has been no transfer between levels 1 and 2 in the reporting period.

26. Contingencies

There are legal proceedings against the Co-operative of which the outcome is not yet known. No provision has therefore been made in these financial statements.

27. Capital management, policies and procedures

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

- (i) to maintain the members' confidence in the safety and viability of the Credit Union
- (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 its members;
- (iii) to continuously meet statutory and any other regulatory requirements as required by the Registrar of Co-operative and Friendly Societies, the Bank of Jamaica and the Jamaica Co-operative Credit Union League Limited;
- (iv) to maintain a strong capital base to support planned expansion and the development of new lines of business.

Capital adequacy and the use of regulatory capital are monitored by the Credit Union's management according to the guidelines in its Capital Adequacy Management Policy. The computation is reported to the Board of Directors each month and the Credit Union's capital adequacy ratio currently exceeds the benchmarks set by the regulatory authorities.

The League currently requires member credit unions to maintain a minimum level of the institutional capital at 8% of total assets. The proposed Bank of Jamaica regulations require the League to ensure that member credit unions:

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

Jamaica Defence Force Co-operative Credit Union Limited

Notes to the Financial Statements

Year ended December 31, 2020

27. Capital management, policies and procedures (cont'd)

There was no change during the financial year in relation to how the Credit Union manages its capital.

All League and Bank of Jamaica regulatory capital requirements were met during the years ended December 31, 2020 and 2019.

There was no change to the Credit Union's approach to capital management during the year.

The Credit Union complied with all externally imposed capital requirements to which they were subjected.

28. COVID-19 Effect

On March 11, 2020 the World Health Organization (WHO) declared a new Coronavirus disease (COVID-19) pandemic. As a result, global economies began to experience significant volatility. Governments have taken extensive measures to contain the spread of the virus including imposing travel restrictions, quarantines, social distancing, and closures of non-essential services. These measures have caused significant operational disruption for many businesses and global economies and stock markets have also experienced great volatility.

Management has instituted procedures and policies to minimise losses and safeguard the health of its staff. However, the COVID-19 pandemic remains uncertain and as such management continues to assess and adjust its policies accordingly.



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UP TO \$2MILLION & 8YRS TO REPAY



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MANAGEMENT TEAM



Howard Powell
Acting General Manager



Marsha McGowan
Operations Manager



Allison Pessoa
Risk and Compliance Officer



Alvin Reid
IT Manager



Tahnee Pierce
HR & Admin Manager



Karlene Pitter-Cooper
Internal Auditor



Janice Blake
*Marketing &
Communications Manager*



Leighton Wisdon
Credit Risk Manager

HUMAN RESOURCE & ADMINISTRATION



Howard Powell
Acting General Manager

Kirlaw Duncan
Admin Assistant to
General Manager

Tahnee Pierce
HR & Admin Manager

Sonia Clarke
Office Attendant

Frances Collie
HR & Admin
Assistant

FINANCE



Georgia Cornwall
Accounting Officer



Devon Fray
Acting Finance Manager



Clarine Bogle
Collateral & Delinquency Officer



Shackeria Williams
Credit Risk Officer

CREDIT RISK



Leighton Wisdon
Credit Risk Manager

MARKETING



Rochelle Fearon
Business Development Officer



Janice Blake
Marketing and
Communications Manager

OPERATIONS



Melissa Brown-Morgan
Member Service
Officer



Marsha Morris-Barthley
Senior Teller



Marsha McGowan
Operations Manager



Charlene Smith
Member Service
Officer



Shanadeen Smith
Member Service
Officer



**INFO
TECHN
OLOGY**



**AUDIT / RISK &
COMPLIANCE**

Alvin Reid
IT Manager

Karlene Pitter-Cooper
Internal Auditor

Allison Pessoa
Risk & Compliance Officer

David Leung
Teller

Allesha Beckford
Member Service Officer

Tabinna Layton
Teller

Marsha Segree-Boothe
Member Service
Supervisor

Sebrena Smith
Member Service
Officer

Missing: Romario Johnston
Member Service Officer

Credit Committee Report

Fellow Co-operators we have come to the end of a very challenging year, one that saw us seeking diverse ways to continue providing service to you the members of the JDF Credit Union. As we struggled to navigate the challenges created by the COVID 19 pandemic we were at times forced to approve loans by conducting virtual meetings.

The Credit Committee met on Friday, 23 October 2020 and members of the committee were selected to serve terms of one, two and three years accordingly. Captain Calvin Dryden was returned as Chairman and Shakeria Marshall-Fender as Secretary. The committee continues to exercise prudent oversight responsibility for all loan applications reviewed and commends the Board, Supervisory Committee and the management and staff of the Jamaica Defence Force Cooperative Credit Union for their management and oversight ensuring a successful term despite the challenges.

Members of the Credit Committee for the year under review are as follows:

- Captain Calvin Dryden -Chairman
- Warrant Officer Class 1 Lukel Miller -Member
- Warrant Officer Class 2 Michael Rowe -Member
- Staff Sergeant William Gilzene -Member
- Mr. Hamroy Roberts -Member
- Mrs. Michelle Goulbourne -Member
- Shakeria Marshall Fender -Secretary

Meetings of the Credit Committee were held at least once per week. The activities at these meetings included reviewing and signing off on loan applications, analyzing and submitting applications for the Board of Directors' approval/attention and examining delinquency reports generated by the Delinquency Officer on a monthly basis. The committee found that loan applications presented were consistent with the relevant and authorized policies. The committee remains committed in contributing to the efficiency and effectiveness of the service offered to its members. The committee remains focused on adhering to the policies regarding risk management and satisfying

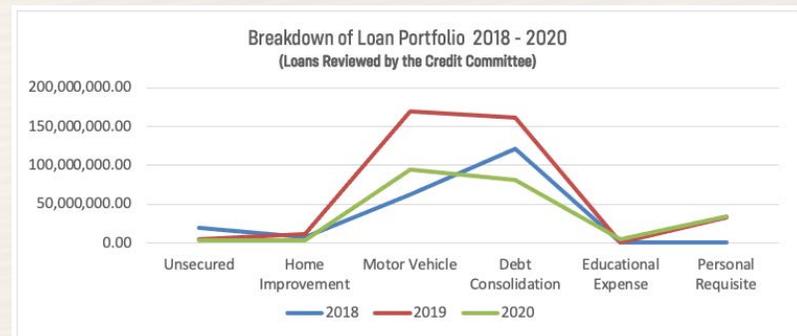
members as much as possible. The matter of delinquency continues to be a growing concern. On this, point members should honor commitments as much as possible and where difficulties are being experienced, members should contact and or visit the office to explore the available options.

The committee reviewed 173 applications that exceeded the limit of senior management of the Credit Union. Of the loan applications reviewed 1 application, totaling \$1.1M. was recommended by the committee and was duly approved by the Board of Directors. Additionally, 164 applications were approved, totaling \$212.8M, 8 applications were declined in the amount \$10M and includes 4 applications that were not recommended by the committee and were not approved by the Board of Directors accordingly. Major loan promotion for the period in review includes a Christmas Promotion, Motor Vehicle Special that resulted in a reduced interest rate of (0.5%).

There has been a major decline in the economy which impelled a weak aggregate demand which resulted in non-performing loan portfolios and a delinquency ratio of 3.85%. The table below gives a comparative view of funds disbursed regarding loan applications approved by the Credit Committee in 2018, 2019 and 2020.

Serial	Loan Description	2018	2019	2020
1	Unsecured	20,076,065.99	5,405,081.70	3,275,645.00
2	Home Improvement	7,722,313.98	11,171,222.93	4,161,474.55
3	Motor Vehicle	62,425,861.25	169,263,576.34	94,326,530.10
4	Debt Consolidation	121,244,235.58	161,120,070.28	81,765,984.23
5	Educational Expense	1,298,897.50	1,000,000.00	4,637,975.10
6	Personal Requisite	1,789,280.00	33,398,065.80	34,768,181.09
Total		214,556,654.30	381,358,017.05	222,935,790.07

The loans approved by the committee the for the year in review was \$222.9M compared to \$381.3M in 2019, resulting in a decline of \$158.4M or 41.5%. The decline in the demand for loans could be attributed to the economic environment with a direct relation to the many areas of uncertainty.



The line graph above gives a comparative analysis of the total loans disbursed that were approved by the Credit Committee in 2018, 2019 and 2020. Motor vehicle and debt consolidation loans represent the highest dollar value of loans approved by the committee and disbursed accordingly.



**Warrant Officer Class 2
Michael Rowe, Member**

**Mrs Shakeria
Marshall-Fender, Member**

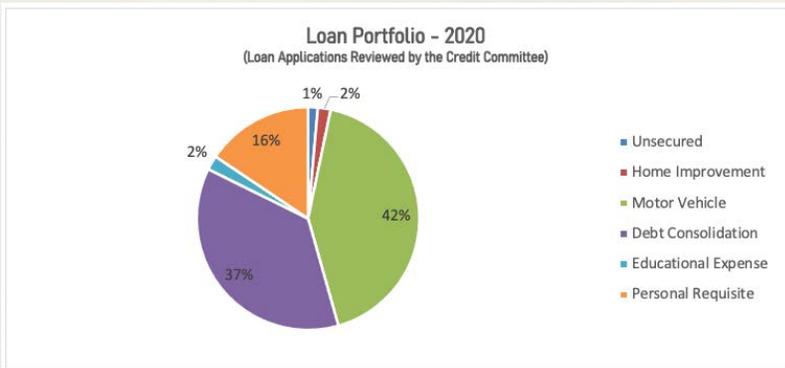
**Warrant Officer Class 2
Lukel Miller, Member**

**Captain Calvin
Dryden, Chairman**

**Staff Sergeant
William Gilzene, Member**

**Mrs Michelle Goulbourne
Member**

**Mr. Hamroy Roberts
Member**



Motor Vehicle and Debt Consolidation loans continue to dominate all disbursement categories. These categories ended with 42% and 37% respectively, of loan applications disbursed and approved by the Credit Committee in the period under review.

The Jamaica Defence Force Co-operative Credit Union advocates for improved financial discipline among members. Hence, the committee is focused on cutting back credit risk and guiding members in improving their Debt Service Ratio (DSR). The Credit Union is also focused on consistently providing services that are user-friendly and accessible to members.

The Credit Committee extends sincere appreciation to our members and acknowledges the support of our Board of Directors and Supervisory Committee. The committee also acknowledges the management and staff of the Credit Union for their invaluable support and performance throughout the period. Jamaica Defence Force Co-operative Credit Union along with its Board of Directors continue to monitor the pandemic and are being guided by our regulators and health officials on the best methods to maintain the safety of our members. The impact of the pandemic has been significant for the JDF Credit Union and our members but we have started to overcome these challenges through our focus on being "Resilient Together... Marching Forward".


Calvin Dryden
 Captain
 Chairman

Nominating Committee Report

REPORT OF THE NOMINATING COMMITTEE TO THE 57th ANNUAL GENERAL MEETING OF JAMAICA DEFENCE FORCECO-OPERATIVE CREDIT UNION LTD. APRIL 2021

In accordance with the provisions of Article XII, Rule 118, the Board of Directors of the Jamaica Defence Force Co-operative Credit Union Limited appointed a Nominating Committee, which comprised the following persons:

Lieutenant Commander Aceion Prescott	-Chairman
Staff Sergeant William Gilzene	-Member
Miss Allison Pessoa	-Secretary

The Committee Reports as Follows:

Directors and committee members retiring at this Annual General Meeting and the Nominees proposed are as follows:

BOARD OF DIRECTORS

Retiring

Major Heleda Thompson
Staff Sergeant Shelroy Johnson
Mr. Everton Hay

Not Retiring

	Term
Lieutenant Colonel Michael Anglin	1 year
Lieutenant Commander Aceion Prescott	2 years
Captain Tameka Stewart	2 years
Warrant Officer Class 1 Carlean Sutherland	1 year
Mr. Desmond Pringle (Ex. SSgt)	1 year
Mrs. Donna Brown	2 years

Recommended

	Term
Major Othneil Blackwood	3 years
Lieutenant Dionne Ellis	3 years
Staff Sergeant Shelroy Johnson	3 years
Mr. Everton Hay	3 years
Mrs. Sonia Beaton-Bogle	3 years
Mrs. Shakeria Marshall-Fender	3 years

CREDIT COMMITTEE

Retiring

Captain Calvin Dryden
Mr. Hamroy Roberts

Not Retiring

	Term
Warrant Officer Class 1 Lukel Miller	1 year
Staff Sergeant Michael Rowe	2 years
Staff Sergeant William Gilzene	2 years
Mrs. Michelle Goulbourne	1 year
Mrs. Shakeria Marshall - Fender	1 year

Recommended

	Term
Captain Calvin Dryden	3 years
Lieutenant Dionne Ellis	3 years
Mr. Hamroy Roberts	3 years
Miss Michelle McKenzie	3 years
Mrs. Sonia Beaton-Bogle	3 years

SUPERVISORY COMMITTEE

Retiring

Sergeant Gawayne Brown
Warrant Officer Class 1 Dwight Smith
Staff Sergeant Sherlon Campbell
Staff Sergeant Andrew Clauchar
Sergeant Ricardo Russell
Sergeant Andrae Burnett
Mr. O'neil Shirley

Recommended

	Term
Warrant Officer Class 1 Dwight Smith	1 Year
Staff Sergeant Andrew Clauchar	1 Year
Sergeant Gawayne Brown	1 Year
Staff Sergeant Sherlon Campbell	1 Year
Mr. O'neil Shirley	1 Year
Sergeant Ricardo Russell	1 Year
Sergeant Andrae Burnett	1 Year
Mrs. Sonia Beaton-Bogle	1 Year
Lieutenant Dionne Ellis	1 Year

DELEGATES

The Nominating Committee recommends that the Board be authorized to appoint the Delegates and Alternate Delegates to represent the Credit Union at the various meetings as appropriate.

Profile of Nominees:

BOARD OF DIRECTORS

Major Othneil Blackwood holds a Master of Science in Instructional Design/Technology and a Postgraduate Diploma in Instructional Design. Major Blackwood has been a member of the JDF Co-operative Credit Union since April 1995. He studied locally and in Canada and has offered voluntary service to several organizations. He has served in numerous units within the Jamaica Defence Force and has experience in project management and risk assessment.

Lieutenant Dionne Ellis has been a member of the JDF Credit Union since 2015. She holds a Bachelor of Arts Degree in the History and Journalism. Lt. Ellis has experience in the Credit Union movement and was a temporary staff at the JDF Credit Union in the Marketing/Member Relations Department. Her competencies include Customer Orientation, Analysis and problem solving, teamwork, oral and written communication and strong decision making. She currently serves as an officer in the Third Battalion Jamaica Regiment (National Reserve) (3JR (NR)).

Staff Sergeant Shelroy Johnson has been a member of the JDF Credit Union since June 2005 and currently serves as the Assistant Treasurer on the Credit Union's Board and a member on other sub-committees. He has been a volunteer since 2017 and initially served as Chairman on the Supervisory Committee. He is currently working as a Payroll Manager at the Military Pay Company.

Staff Sergeant Johnson's competencies include fraud detection, audit techniques, compliance and finance. Staff Sergeant Johnson has a certificate in Financial Investigation and is currently pursuing a Bachelor of Science Degree in Accounting and Financial Management

Mrs. Sonia Beaton-Bogle has been a member of the JDF Credit Union since 2001. She is currently the General Manager at Alliance Finance Services Ltd. She had held several positions within the mainstream banking system up to the level of being an Assistant Vice President at First Global Bank; she was also the General Manager at the JDF Credit Union for 5 years. Her key competencies include quality customer service, financial prudence, development of skills and knowledge of team members and the ability to exercise good corporate governance. She is a distinguished past president of the Kiwanis Club of the First City where she served as Membership Director. She is a volunteer trainer in Communications with the Jamaica Theological Seminary and a past member of its Board of Directors. Mrs. Sonia Beaton-Bogle holds Bachelor of Arts Degree from the University of the West Indies, and a Master's in Business Administration from The Mona School of Business UWI.

Mr. Everton Hay has been a member of the JDF Credit Union since 1982. He currently serves as the Treasurer on the Credit Union's Board and also a member on other sub-committees. He has been a volunteer since 2005 and initially served on the Credit Committee.

He is also a Director on the Credit Union Fund Management Company (CUFMC) Board. Mr. Hay was employed at the Technical Training Institute as a Warrant Officer – Accounts, Audit Control and Quality Assurance. He retired from the JDF as a Warrant Officer Class 2. He is currently employed as a Financial Advisor at Caribbean Insurance Brokers Ltd. He holds a Bachelor of Science Degree in Business Administration and Diplomas in Project Design, Implementation & Management, and Supervisory Management and Certificates in Marine Engineering (Shift Mechanic) and Electrical Installation.

Mrs. Shakera Marshall-Fender has been a member of the JDF Credit Union since December 2006 and has been serving as a member of the Credit Committee since 2015. She has been working with the Ministry of National Security JDF (JDF-PRO, Pay and Record Office, Office of the Governor General) for over 17 years and is presently the Acting Supervisor of Final Accounts at the JDF-PRO. She has experience in areas such as Preparing and Analyzing Financial Statement, Payroll, Audit, Final Accounts and Payments. She holds an Associate of Science Degree in Accounting and a Diploma in Accounting, as well as a certificate in Supervisory Management, and is currently pursuing a Bachelor of Science Degree in Business Administration at the University College of the Caribbean.

CREDIT COMMITTEE

Captain Calvin Dryden has been a member of the JDF Credit Union since April 1991 and currently serves as the Chairman of the Credit Committee. He previously served as the Regimental Sergeant Major Permanent Staff Instructor at the Third Battalion The Jamaica Regiment (National Reserve) and is presently an acting OC at the Directorate of Training and Doctrine, Caribbean Military Academy.

Lieutenant Dionne Ellis has been a member of the JDF Credit Union since 2015. She holds a Bachelor of Arts Degree in the History and Journalism. Lt. Ellis has experience in the Credit Union movement and was a temporary staff at the JDF Credit Union in the Marketing/Member Relations Department. Her competencies include customer orientation, analysis and problem solving, teamwork, oral and written communication and strong decision making. She currently serves as an officer in the Third Battalion Jamaica Regiment National Reserve (3JR (NR)).

Mr. Hamroy Roberts has been a member of the JDF Credit Union since 1993 and has been serving as a member of the Credit Committee. He was the Warrant Officer in charge of HQ JDF Legal Office. Mr. Roberts holds Diplomas in Supervisory Management and Paralegal Studies as well as Certificates in Occupational Safety and Health and Paralegal Studies. He retired from the JDF as a Warrant Officer Class 2.

Mrs. Sonia Beaton-Bogle has been a member of the JDF Credit Union since 2001. She is currently the General Manager at Alliance Finance Services Ltd. She had held several positions within the mainstream banking system up to the level of being an Assistant Vice President at First Global Bank; she was also the General

Manager at the JDF Credit Union for 5 years. Her key competencies include quality customer service, financial prudence, development of skills and knowledge of team members and the ability to exercise good corporate governance. She is a distinguished past president of the Kiwanis Club of the First City where she served as Membership Director. She is a volunteer trainer in Communications with the Jamaica Theological Seminary and a past member of its Board of Directors. Mrs. Sonia Beaton-Bogle holds Bachelor of Arts Degree from the University of the West Indies, and a Master's in Business Administration from The Mona School of Business UWI.

Miss Michelle McKenzie has been a member of the JDF Credit Union since 1993. She works at the JDF Pay and Records Office and has experience in areas of Payroll, Audit, Final Accounts and Payments. Miss McKenzie attended the Management Institute for National Development where she attained a Diploma in Government Accounting. She volunteers at the Westchester Citizens Old Age Association & Emmanuel Apostolic Church.

SUPERVISORY COMMITTEE

Warrant Officer Class 1 Dwight Smith has been a member of the JDF Credit Union since 1993 and currently serves as a member on the Credit Union's Supervisory Committee and other sub-committee. WO1 Smith is a graduate of the University of Technology, where he pursued his studies in Procurement and Contract Management. He also attended the Management Institute for National Development where he attained a certificate in Supervisory Management and a diploma in Government Accounting.

Staff Sergeant Andrew Clauchar has been a member of the JDF Credit Union since 2002 and currently serves as a member of the Credit Union's Supervisory Committee. He has excellent leadership skills and is goal oriented; with the ability to multi-task and maintain a strong attention to detail. Staff Sergeant Clauchar has experience in payroll accounting, audit and compliance and served as a Senior Auditor and Pay Sergeant for several years at the Force Pay Office and is currently assigned to the Inspector General's Department.

Sergeant Ricardo Russell joined the JDF Credit Union in September 2001. He has been a volunteer on the Supervisory Committee at the JDF Credit Union for the last three years. Sergeant Russell has a Bachelor of Science in General Management with a minor in Human Resource Management.

Sergeant Gawayne Brown has been a member of the JDF Credit Union since 2013 and currently serves as Chairman of the Credit Union's Supervisory Committee. Sergeant Brown has experience in areas such as Accounting and Inventory Management. He has training in Team Organization and Project Management, Mentorship, Documentation, Customer Service, Data manipulation (MS Excel) and Troubleshooting. He holds Diplomas in Office Technology and P.C. Engineering. He also obtained international certification in accounting, from studies he pursued with the UK-based Association of Accounting Technicians (AAT) and is

now a Level 4 Certified Accounting Technician. Additionally, Sergeant Brown is currently pursuing further studies with the Association of Chartered Certified Accounts (ACCA).

Staff Sergeant Sherlon Campbell has been a member of the JDF Credit Union since 2002 and currently serves as a member on the Credit Union's Supervisory Committee. Staff Sergeant Campbell has experience in Auditing, Budgeting, Mentorship, Documentation, Customer Service and training in Team Organization and Project Management. He also has a Certificate in Fraud Detection.

Ex-Sergeant O'Neil Shirley has been a member of the Jamaica Defence Force Cooperative Credit Union since November 2002 and currently serves as a member on the Credit Union's Supervisory Committee. He has worked in several capacities including Orderly Room Sergeant, Platoon Sergeant and Section Commander. Sergeant Shirley holds a number of Certificates including Mechanical Maintenance Level 2 & 3, Business Administration Assistant Level 2 & 3 and Interior Decorating. He also has a Diploma in Business Administration (Level 3) and he is currently pursuing an Associate Degree in Industrial Plant Maintenance Mechanical.

Sergeant Andrae Burnett has been a member of the JDF Credit Union since 2009. He has been a member of the Supervisory Committee for the last two years. Sergeant Burnett has a wealth of experience and training in Government Accounting, General Duties Clerk and Microsoft Office and also holds a Bachelor of Science Degree in Banking and Finance (minor in Economics) with Honours.

Mrs. Sonia Beaton-Bogle has been a member of the JDF Credit Union since 2001. She is currently the General Manager at Alliance Finance Services Ltd. She had held several positions within the mainstream banking system up to the level of being an Assistant Vice President at First Global Bank; she was also the General Manager at the JDF Credit Union for 5 years. Her key competencies include quality customer service, financial prudence, development of skills and knowledge of team members and the ability to exercise good corporate governance. She is a distinguished past president of the Kiwanis Club of the First City where she served as Membership Director. She is a volunteer trainer in Communications with the Jamaica Theological Seminary and a past member of its Board of Directors. Mrs. Sonia Beaton-Bogle holds Bachelor of Arts Degree from the University of the West Indies, and a Master's in Business Administration from The Mona School of Business UWI.



Lieutenant Commander Aceion Prescott
Chairman, Nominating Committee

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POWER
TO DO MORE



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- Get loan repayment for up to 6 years
- Use funds as equity for other loans

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Supervisory Committee Report

THE COMMITTEE

The Supervisory Committee consists of seven (7) volunteers who were elected to serve at the last Annual General Meeting (AGM). We discharge our responsibility by providing a continuous and independent oversight over the Credit Union's policies and control procedures on behalf of the Board of Directors.

At the last AGM, the following persons were elected to serve on your Supervisory Committee:

Warrant Officer Class 1 Dwight Smith
Staff Sergeant Sherlon Campbell
SSgt Andrew Clauchar
Sergeant Ricardo Russel
Sergeant Gawayne Brown
Sergeant Andrae Burnett
Mr Oniel Shirley

On October 29, 2020, the committee appointed Sgt Gawayne BROWN as Chairman and WO1 Dwight SMITH as Secretary.

AUDIT AND INVESTIGATIVE ACTIVITIES

Audit Review Conducted

We conducted monthly audits based on a pre-designed audit plan and direct requests from the Board of Directors and other members. Among the areas audited during the year 2020 were:

- Management Reports submitted to the Board of Directors for decision making
- Employees' Attendance Records
- Bank Reconciliation
- Loan disbursements
- Property, Plant and Equipment
- Staff Loan procedure
- Tax Compliance

With reference to the above audits, the Policies and Procedures were adhered to in all material respect; and where necessary, the recommendations of the Supervisory Committee were accepted and implemented.

Investigations

Special investigations were conducted based on requests or identified business risks and these were treated with priority and appropriately.



**Sergeant Gawayne Brown,
Chairman**

General Review

Loans - A total of twenty (20) loans were the subject of special investigations, during which substantial audit procedures were used to gather sufficient and appropriate evidence. At the end of these audits we were satisfied, in all material respect, that the issuing of loans adhered to set procedures and the necessary safeguards implemented to avert any breach of established policies and procedures within the Credit Union.

CONCLUSION

On behalf of the entire Supervisory Committee, I would like to express our sincere gratitude to you the members for having granted us the opportunity to serve in this important capacity. We also wish to thank the Board of Directors and all members of staff, with specific emphasis on the Internal Auditor, for facilitating and supporting the work of the committee over the year.



Gawayne Brown

**Sergeant
Chairman**



**Staff Sergeant
Sherlon Campbell**

Mr O'Neil Shirley

**Sergeant
Ricardo Russell**



**Sergeant
Andrae Burnett**

**Staff Sergeant
Andrew Clauchar**

**Warrant Officer Class 1
Dwight Smith**

PARLIAMENTARY RULES

Order of Business

An agenda shall be prepared by the Chairman and Secretary, and all items therefore shall take precedence over all other business. Any member desirous of introducing business for the consideration of the meeting may do so after the business on the agenda has been completed, or may give notice of motion to be discussed at a further meeting.

Suspension of Standing Order

In the event of any matter of urgency, however, the Chairman may accept a suspension of the Standing Order. The member moving such a suspension must clearly state the nature and urgency of his business, the numbers of the Standing Order affected and the length of time he desires such suspension shall take place except by majority vote of the members present.

Minutes

No motion or discussion shall be allowed on the minutes except in regards to their accuracy. After the confirmation of the minutes, they shall be signed by the Chairman, and the members shall then be at liberty to ask questions in regards to the matters arising out of them. Such questions shall be allowed for the purpose of information only, and no debate on the policy outlined in the minutes shall take place. All speakers are to make use of the microphone when addressing the meeting in order that it be recorded and make permanent record in the meeting proceedings, a point of order, or explanation, except the mover of the original motion. But on an amendment being moved, any member even though he has spoken on an original motion, may speak again on the amendment. No member for more than five minutes at a time. Members wishing to raise point of order or explanation must first obtain the permission of the Chairman and must raise immediately the alleged breach has occurred. Any accredited member shall have the right to speak and vote on all issues coming before the meeting. Persons other than accredited members, so certified, may speak with the permission of the Chair but shall not vote on any issue.

Speeches

No member shall be allowed to speak more than once upon any motion before the meeting, unless one member may formally second any motion or amendment and reserve his speech until later in the debate. No person shall interrupt another who is speaking except on a point of order, a parliamentary inquiry, or a point of information. If it should come to pass that speaker is called to order while speaking, the Speaker should take his seat until the question of order is determined.

Chairman's Ruling

The ruling of the chairman on any question under the Standing Order, or on points or order or explanation, shall be final, unless challenged by not less than four members, and two-thirds of the members present vote to the contrary.

Interruption

If any member interrupts another while addressing the meeting, or uses abusive or profane language or causes disturbance at any of the meetings, and refuses to obey the Chairman when called to order, he shall be named by the Chairman. He shall thereupon be expelled from the room and shall not be allowed to enter again until apology satisfactory to the meeting is given. A question shall not be subject to debate until it has been duly moved and seconded and is stated from the chair.

Motions And Amendments

The first proposition on any particular subject shall be known as the original motion, and all succeeding propositions on the subject shall be called amendments. Every motion or amendment must be moved and seconded by members actually present at the meeting before they can be discussed and whenever possible, shall set forth in writing. It is permissible for a member to make his speech first and conclude with a motion. When an amendment shall be discussed until the first amendment is disposed of (Notice of any further amendment must be given before the first amendment is put to vote.

Substantive Motions

If an amendment be carried, it displaces the original motion and itself becomes the substantive motion, whereupon any further amendment relating to any portion of the substantive motion may be moved, provided it is consistent with the business and has not been covered by an amendment or motion which has been previously rejected. After the vote on each succeeding amendment has been taken, the surviving proposition shall be put to the vote as a main question, and is carried shall become a resolution of the meeting.

Right of Reply

The mover of the original motion shall, if not amendment be moved, have the right of reply at the close of the debate upon such motion. When an amendment is moved it shall be entitled to speak thereon in accordance with standing order #8 and at the close of the debate on such amendment shall

reply to the discussion, but shall introduce no new matter. The question shall then be put to the vote immediately, and under no circumstances shall any further discussion be allowed once the question has been put from the chair. The mover of amendment shall not be entitled to reply.

Withdrawals or Additions

No motion or amendment which has been accepted by the Chair shall be withdrawn without the majority vote of the meeting. Neither shall any addendum or rider be added to a motion, which has been accepted by the Chair without majority vote. Should any member dissent, the addendum must be proposed and seconded, and treated as an ordinary amendment.

Closing Debate

The motion for the previous question, next business, or the Closure, may be moved and seconded only by members who have not previously spoken at any time during the debate. No speeches shall be allowed on such motion. In the event of the closure being carried, the mover of the original motion shall have the right of reply in accordance with standing order No. 6 before the question is put. Should any one of the motion mentioned in this standing order be defeated, thirty minutes shall elapse before it can be accepted again by the Chairman, unless he is of the opinion that the circumstance have materially altered in the meantime.

Adjournment

Any member who has not already spoken during the debate may move the adjournment of the question under discussion or of the meeting, but must confine his remarks to the question and must not discuss any other matter. The mover of the motion upon which the adjournment has been moved, shall be allowed the right to reply on the question of the adjournment, but such reply shall not prejudice his right of reply on his own motion. In the event of such motion being lost, it shall not be moved again, except in accordance with Standing Order No. 18. Any member may demand a division of the question before the House, when the sense of it would permit. A motion to lay on the table shall be put without debate. A motion for reconsideration shall not be entertained unless at the same or following session by a member who voted on the prevailing side, and shall require a majority vote. Any two members shall have the right to demand (by majority vote) that the room shall be cleared of all but accredited delegates to transact business of a nature that precludes premature publicity. Whispering, loud talking, or other disturbances calculated to disturb anyone while speaking will not be tolerated.



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OBITUARIES

The Board of Directors, Management and Staff of the JDF Credit Union acknowledges those deceased members who left us over the last year.

May their souls rest in peace

28642 MCKENZIE, DORAN

11354 FARQUHARSON, KEVIN

32032 FLETCHER, HAKEEM

50936 CLAYTON, LEXTON

32248 KING, REN-NEIL

211654 MALCOLM, JILLIAN

210671 HENRIQUES, KAREMA



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