



**PALISADOES
CO-OPERATIVE
CREDIT UNION
LIMITED**

2023 ANNUAL REPORT

'FLYING TO NEW HORIZONS'



**PALISADOES
CO-OPERATIVE
CREDIT UNION
LIMITED**

Our Mission:

To Optimise Members' Wealth and Enhance their Wellbeing while Fostering Valuable Lifelong Partnerships.

Our Vision:

To be the premier credit union that is responsive to members needs through the provision of innovative products and personalized service in a friendly, safe and secure environment with a highly motivated and efficient team, ensuring a strong and viable institution with an excellent corporate image.

Members' Appreciation Day - 2023



It was a day filled with prizes and surprises! Member Mellonie Reid (right) was all smiles as she accepted her prize from President Celay Harwood-Gayle



Another winner! Mr. Epstein James, prize of a pressure cooker became the envy of many of the female members who 'really wanted it'. President Harwood-Gayle made the presentation.



General Manager Dr. Maxine Wilson (right) shares lens with a very happy Micah-Lee Bell, as she won a sandwich maker.



It was indeed a family affair! Members took the time to 'chillax' and hold a 'reason' throughout the day.

THE "Angels" CAME VISITING



SMART Pac members and their teachers from Tiny Angels Basic School made a courtesy visit to the credit union's office recently. They had a fantastic time "transacting business" and being feted by staff and members present. Kudos to the teachers for arranging the visit and managing these very active tiny angels.



We are here for serious business! These 2 "tiny angels" seem to be saying to Compliance Officer Shareen Simpson

Credit Union of the Year' Runner-up Award - 2022



For the second consecutive year, Palisadoes was named 'Credit Union of the Year: Runner-up' in the "medium credit union" category. General Manager Dr. Maxine Wilson accepted the award on your behalf.

EXTENDING OUR 'Helping Hands' EVEN FURTHER

Our annual "Helping Hands" project extended beyond the corporate area in 2023 as we journeyed to the rural community of Aeolus Valley in St. Thomas for our annual back-to-school and "helping the needy" event. The children were treated to school supplies and care packages, while the senior citizens of the community received bags of groceries, toiletries and other household products.



A portion of the grocery bags, care packages and school supplies that were distributed.



Down the hill, over the gully, and up the hill again we trod, dutifully taking the packages to the local Church of God of Prophecy which gracefully hosted us.



The Palisadoes Team was kept busy ensuring that the children were taken care of. Here Dr. Wilson present school supplies and a care package to the delight of this recipient.



These children pictured here, waited patiently on their turn to collect their school items.

The community of 'Back Bush' in Mountain View also benefited from our "Helping Hands". Here proud fathers posed with school supplies on behalf of their children.



ANNUAL GENERAL MEETING 2023



Then President Audley Deidrick in a spirited conversation with Director Robert Thelwell and GM Dr. Maxine Wilson prior to the start of the AGM.



Founding member and honouree Mr. Wilfred Roberts accepts his gift from then Vice President Celay Harwood-Gayle.



A cross-section of members in physical attendance at the meeting



Member Orrette Staple stopped by the head table to greet Directors (l-r) Deidrick, Hamilton, Harwood-Gayle and Thelwell.



Honouree and past volunteer Mr. Paul Ford accepts his gift from Director Robert Thelwell

Scholarship Awards



Scholarship awardees and their parents present, posed with guest speaker Mrs. Donna Parchment Brown (2nd right) and GM Dr. Maxine Wilson (1).



Henley Johnson Scholarship Awardee Abigail Nelson poses with her proud mom, and guest speaker Mrs. Donna Parchment Brown



Supervisory Committee member Donovan Dobson presents Ms. Alexia Reid with her award.



He is Royal! The only male awardee Joshua Parchment being presented with his award by Assistant Treasurer Margareth Antoine.



Mrs. Claudine Purboo HR & Admin Coordinator delivered the vote of thanks

STAFF SOCIAL AT AC HOTEL



Member Service Representative Matthew Thomas “yielded” to our super energetic General Manager Dr. Maxine Wilson on the dance floor.



Winner of the dance competition Dr. Maxine Wilson gave Bearer Orlando Dunbar a “hard time” on the dance floor.



“All Of Me.....” has never sounded so strong. Here Accounts Officer Rahiem Grant give his “all” in the karaoke segment.



Marketing & Member Service Officer Tashauna Cross could not be tamed as she “leggo the bird”.



It was an evening of food, fun and entertainment. Members of staff showed their moves on the dance floor



Ms. Nanvie Nevers certainly did not “wait in vain” as she belted out her Bob Marley favourite song to the amusement of all present

Those who served you in 2023

Board of Directors

Mrs. Celay Harwood-Gayle, BSc – President

Mrs. Harwood-Gayle is an entrepreneur in the baking and beekeeping industry, having previously worked with the National Meteorological Service, her last position being Manager – Support Services. She has been a member of the credit union for over 46 years and is the holder of a BSc in Public Administration and International Relations from the University of the West Indies.

Robert Thelwell, BBA – Vice President

Mr. Thelwell is the Managing Director of Kobe Motors, and previously worked with American Airlines for over 34 years. He holds a Bachelor of Business Administration (BBA) with an accounting major from the University of Technology Jamaica. He has been a member of the credit union for the past 42 years.

Mr. Samuel Manning, MBA CPA - Treasurer

Mr. Manning is an accomplished entrepreneur, and the holder of an MBA from the University of New Orleans, and a BSc in Accounting from the University of the West Indies. Mr. Manning is a Certified Public Accountant (CPA) and a member of the Institute of Chartered Accountants of Jamaica and has been a member of the credit union for the past twenty-three 23 years.

Mrs. Margareth Antoine, MBA – Assistant Treasurer

Mrs. Antoine has been employed at IGL for the past 27 years and was recently promoted to the position of Senior Supply Chain Manager. She is the holder of an MBA from the University of Manchester, a BSc. in Business Administration from the University of Technology Jamaica; and is also a Certified Accounting Technician. She has been a member of the credit union for over 19 years. She previously served on the Board of Directors of the former Petroleum Industry Employees Credit Union (PIECCU).

Mrs. Sheryll Hamilton, MBA - Secretary

Mrs. Hamilton has been a member of the credit union since 2005 and is presently employed at Grace Kennedy Ltd as its Human Resources Manager. She is a graduate of Nova Southeastern University and holds an MBA in General Management. Mrs. Hamilton previously served on the Credit Committee and the Board of Directors of the former Petroleum Industry Employees Credit Union (PIECCU).

Ms. Nicola Reid, MSc FCCA - Director

Miss Reid is presently employed to E-Learning Jamaica Company Ltd in the capacity of Audit Manager. She is the holder of an MSc (Accounting) from the University of the West Indies, and is also a certified Internal Auditor, Certified Information Systems Auditor, and a Certified Fraud Examiner. She was recently appointed a member of the Audit Committee of the Caribbean Confederation of Credit Unions. Miss Reid has been a member of the credit union for over 24 years.

Mrs. Charmaine Heslop-DaCosta, JP MA BA - Director

Mrs. Heslop-DaCosta is presently the Senior Vice President-People Operations at the Jamaica Public Service Company Ltd (JPS), a position she has held since 2018, having previously worked as Vice President-Human Resources at Digicel Jamaica Limited, Caribbean Airlines, Air Jamaica, and the Airports Authority of Jamaica. She is the holder of a Master of Arts degree (Psychology and Human Resource Development) from the University of Cincinnati, and a Bachelor of Arts (Psychology) degree from the University of Western Ontario in Canada. She has been a member of the credit union since January 2003, and previously served on its Board of Directors.

Supervisory Committee

Mr. Wayne Rowe, MBA BSc – Member

Mr. Rowe is a Financial Consultant, having recently retired from the position of Assistant Vice President at Massy Gas Products Ltd. His career spans over 34 years in the manufacturing and petroleum industries. He currently serves as an executive member of the Jamaica Association of Petroleum Marketers (JAPM), and is the holder of an MBA (Finance) and a BSc in Economics and Accounting from the University of the West Indies, as well as a BSc in Economics and Accounting. He has been a member of the credit union (PIECCU/Palisadoes since 2007).

Mrs. Zonia Foster-Forbes, LEC MSC BSc - Secretary

Mrs. Foster-Forbes is an attorney-at-law and has been employed as General Manager of the Golden Age Home Limited since 2018. She previously worked at the Transport Authority for 20 years, her last position being General Manager – HR & Admin. She is the holder of a BSc in Business Management and a MSc in Human Resources Management, both from Nova Southeastern University. She is also the holder of a LLB degree from the University of Technology Jamaica. She has been an active member of the credit union since 2014.

Ms. Elaine Walters, MBA MSc - Member

Miss Walters recently retired from her position of Financial Controller at the Jamaica Automobile Association. She is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants, and is the holder of an MSc (Accounting) from the University of the West Indies. She previously served on the credit union's Board of Directors.

Mr. Donovan Dobson, MBA BSc – Member

Mr. Dobson is presently employed to Rubis Energy Jamaica Ltd as its Human Resource and Administration Manager. He is the holder of an MBA from Florida International University, a post-graduate diploma in Education and Training from Vocational Training Development Institute (VTDI), and a BSc. in Business Administration from the Northern Caribbean University. He has been a member of the credit union (Palisadoes/PIECCU) since 2012.

Mr. Andrew Thomas, ACCA AAT - Member

Mr. Thomas has been employed to Carib Cement for the past 29 years and presently holds the position of Treasurer. He is a member of the Association of Chartered Certified Accounts as well as the Association of Accounting Technicians. He has been a member of Carib Cement/Palisadoes Credit Union since 1995, and previously served in various positions as an elected officer at the former Carib Cement Credit Union prior to its merger with Palisadoes.

Credit Committee

Ms. Gay Morgan - Chair

Miss Morgan has been a member of the credit union since March 2017. She has been employed to the Wheels & Wheels Group of Companies for the past thirteen (13) years and presently occupies the position of Accountant/Admin Manager. Miss Morgan is presently pursuing a bachelor's degree in business administration majoring in Accounts and Human Resource Management at the University of the Commonwealth Caribbean (UCC).

Mrs. Michelle Mais-Cadenhead, MBA SHRM CP, BSc - Secretary

Mrs. Mais-Cadenhead has been employed to the Airports Authority of Jamaica for over twenty-nine (29) years. She presently occupies the position of HRMA Manager and is the holder of an MBA from the Mona School of Business, and a BSc in Public Administration and International Relations from the University of the West Indies. She also holds the Society of Human Resource Management – Certified Professional designation.

Mrs. Berthlyn Plummer, JP

Mrs. Plummer has been a member of the credit union since 2005 and was previously employed to the Peace Management Initiative (PMI). She is a trained Social Worker, and certified Mediator, and previously served on the credit committee of COK (now COK Sodality) Credit Union for over 16 years.

Mr. Orrette Staple, BA - Member

Mr. Staple has been a member of the credit union (PIECCU/Palisadoes) for the past eighteen (18) years. A teacher by profession, he is the holder of Bachelor of Arts (majoring in Economics) from the University of the West Indies. He is widely known for his knowledge of the stock markets.

Mr. Carlington Miles - Member

Mr. Miles has been a member of the credit union for the past twenty-one (21) years. He is presently employed to Champion Sports Limited, as an Accounting Officer. He is a Certified Accounting Technician (level 2) and is presently pursuing a bachelor's degree in Banking and Finance at the University of the West Indies.

General Management

Dr. Maxine Wilson JP DBA MBA LLB CORP – General Manager

Dr. Maxine Wilson has been employed with the credit union for the past 27 years. She is the holder of a Doctorate in Business Administration, a master's degree in business administration, a Bachelor of Laws, as well as a Bachelor's degree in Banking and Financial Services. She is also a Certified Operational Risk Professional, a certified Family and Financial Counsellor, a Chartered Marketer, and an Honorary Member of the International Society of Business Leaders.

FINANCIAL HIGHLIGHTS **Ten-year Statistical Review (\$'m)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Vol. Shares	890.42	960.62	1,010.42	1,088.75	1,149.44	1,254.01	1,368.97	1,394.06	1,484.40	1,569.43
Saving/Deposits	204.99	215.02	203.29	217.67	249.56	200.66	178.89	190.68	196.29	190.44
Loans	1,077.54	1,107.56	1,091.67	1,128.75	1,139.32	1,193.68	1,267.19	1,255.35	1,450.53	1,612.48
Assets	1,568.29	1,664.66	1,748.88	1,861.00	1,951.84	2,039.20	2,168.82	2,257.83	2,374.51	2,477.69
Avail. for dist.	72.02	72.81	84.90	83.10	86.53	72.43	52.33	68.97	71.77	81.09
Inst. Capital	274.23	281.00	298.82	314.99	349.39	356.83	378.07	395.82	408.76	419.41
Membership & SMART-Pac Savers	9.020	9,343	9,616	9,742	9,803	10,058	11,166	11,383	11,202	11,364
Gross Income	188.17	188.47	191.10	205.06	184.10	202.81	155.39	200.72	190.24	201.71
Vol. Div. Paid Interest Rebate	43.09	58.00	54.70	53.24	55.69	58.53 3.33	31.30 2.72	52.80 3.40	61.47 3.43	70.31 3.60

Notice of Meeting

Notice is hereby given that the 72nd Annual General Meeting of Palisadoes Co-op Credit Union Ltd will be held on 2024 April 10 Wednesday at the Webster Memorial United Church Hall, 53 Half Way Tree Road, Kingston 10 commencing at 3:00 p.m. Online Registration begins on 2024 March 28 via the credit union's website at www.palisadoescreditunion.com. NB. All members are required to register online.

Dated this 25th day of March 2024



**Sheryll Hamilton (Mrs)
SECRETARY**

AGENDA

1. ***Call to Order & Opening Prayer***
2. ***Obituaries***
3. ***Apologies for absence***
4. ***Welcome & Introduction***
5. ***Adoption & Confirmation of Minutes***
6. ***REPORTS***
 - ***Board of Directors***
 - ***Treasurer & Auditors***
 - ***Credit Committee***
 - ***Supervisory Committee***
 - ***Delegates to the League***
 - ***Management Analyses***
7. ***Proposal for the Fixing of Maximum Liability***
8. ***Proposal for the Appropriation of Surplus***
9. ***Elections:***
 - (a) ***Appointment of Returning Officer***
 - (b) ***Nomination Committee's Report***
 - (c) ***Election of:***
 - ***Board of Directors***
 - ***Credit Committee***
 - ***Supervisory Committee***
10. ***Any Other Business***
11. ***Termination***

MINUTES OF THE 71st ANNUAL GENERAL MEETING

Held at the Alambra Inn Hotel

1 Tucker Avenue, Kingston 6

and

Via Zoom Conference

On 2023 April 12 commencing at 3:10 P.M.

CALL TO ORDER & PRAYER

The meeting was called to order by President Audley Deidrick at 3:10 p.m. Mrs. Sheryll Hamilton, Secretary, read the Notice of Meeting. Prayer was said by Mrs. Claudine Purboo.

WELCOME

The President extended welcome to the persons who were attending the meeting virtually via the Zoom platform and physically.

OBITUARIES

President Deidrick guided the members in observing a minute's silence in memory of pioneers of the credit union movement and members who passed during 2022, some of whose names were listed at page 106 of the Annual Report.

WELCOME AND INTRODUCTIONS

General Manager Dr. Maxine Wilson formally welcomed the members and guests and extended special welcome to the following persons in physical attendance:- Mr. Wilfred Roberts (founding Member-Palisadoes CU), Mr. Paul Ford (former Vice President and long-standing Volunteer), Mr. Randolph Jones (former President), Mrs. Kleo-Ann Errar (Jamaica Co-op Credit Union League), Ms. Danaisha Grant, Ms. Tresann Thompson and Ms. Karen Atkinson (Dept. of Cooperatives & Friendly Societies), Mr. Neville Malcolm (Member since 1962), Mrs. Donna Parchment Brown (former Political Ombudsman and Member) and Mr. Andrew Thompson (Auditor; HLB Mair Russell).

Special welcome was also extended to virtual attendees Mr. Wilburn Pottinger (former Director, Ms. Lavern Johnson, and Mr. Maurice Wright (CUMAX Wealth Management) Mr. Christopher Robinson, Mr. Bencle Hibbert (Managing Director -Wheels & Wheels Group of Companies), Mr. Dennis Brown (Jamaica Co-operatives Insurance Agency), Mr. Andrew Matheson (QNET), Ms. Kimberly Lindo (Jamaica Co-op Credit Union League) and Ms. Audrey Allen (credit union's Attorney-at-Law)

GREETINGS FROM THE DEPT OF COOPERATIVES & FRIENDLY SOCIETIES

Ms. Danaisha Grant, in her greetings on behalf of the Registrar and Staff of the Department of Co-operatives and Friendly Societies, extended congratulations to Palisadoes Co-operative Credit Union on convening their 71st Annual General Meeting (AGM). She noted that the Credit Union had experienced noticeable growth for the year ended 2022 December 31 with increases in assets and loan portfolio and decrease in expected loan loss. Ms. Grant told the meeting that she had also taken note of the Credit Union's involvement in community outreach activities through its "Helping Hands" Team as well as the award of 11 scholarships throughout the year. She congratulated the Board and Members and wished the Credit Union continued growth and success for the future.

President Deidrick also extended welcome to the stalwarts of the Credit Union present at the meeting and acknowledged the technical team from the Airports Authority of Jamaica who were managing the sound and other media at the meeting.

APOLOGIES FOR ABSENCE

Dr. Wilson extended apologies for absence on behalf of Ms. Vera Lindo (Jamaica Co-op Credit Union League) and members Mrs. Zonia Foster-Forbes and Mrs. Maria Chen

MINUTES OF MEETING OF AGM HELD 2022 APRIL 06

President Deidrick having noted that the Minutes were circulated both in print and electronically, asked that a motion be moved that it be adopted as read. The Minutes were adopted on a motion by Mr. Orrette Staple, seconded by the Mrs. Donna Parchment Brown; all were in favour.

ERRATA

Secretary Sheryll Hamilton referred the meeting to the Minutes on pages 14 to 28 of the Annual Report and guided the members through the previously circulated errata sheet, as under:

1. Page 32, paragraph 1: "... we look forward to celebrating our 70 anniversary to read "... we look forward to celebrating our 70th anniversary."
2. Page 33, paragraph 1: "... "while some continue to seek unemployment and others have sought to start their own businesses" to read "... while some continue to seek employment and others have sought to start their own businesses."
3. Page 34, paragraph 2: There were marked signs in the overall operations of the credit union as the credit union continues to recover from the devastating effects of the Covid-19 pandemic." to read "There were marked signs of improvement in the overall operations of the credit union as it continues to recover from the devastating effects of the Covid-19 pandemic."
4. Page 98, paragraph 2: "An amount of \$30.01m was disbursed for the purchase of a motor vehicle" to read "An amount of \$30.01m was disbursed for the purchase of motor vehicles."
5. Page 110, paragraph 2: "... Assets grossed 2,374.51 to read "... Assets grossed \$2,374.51m".

The Secretary invited members to raise any corrections, questions, or comments as she guided them through the Minutes; there were none.

CONFIRMATION OF THE MINUTES

The Minutes were confirmed on a motion by Mrs. Berthlyn Plummer, seconded by Mr. Orrette Staple; all were in favour.

MATTERS ARISING

There were no matters arising from the Minutes.

REPORTS

BOARD OF DIRECTORS

President Deidrick presented the Report for the year ended 2022 December 31 contained on pages 29 to 32 of the Annual Report. He stated that 2023 was a special year, as the credit union celebrates its 70th birthday. He then paid tribute to the members, volunteers past and present, members of staff and other stakeholders, highlighting the Airports Authority of Jamaica and the former Air Jamaica, invaluable contribution to the credit union over the years.

Highlights of his presentation included a synopsis of the global economy, noting that global growth slowed in 2022 to 3.2%, more than one percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war of aggression in Ukraine, and the associated cost-of-living crisis in many countries, and that growth was projected to remain at below-trend rates in 2023 and 2024.

Regarding the Jamaican economy the President stated that the Bank of Jamaica (BOJ) reported that the Jamaican economy continued to show strong growth and there were signs that the economy will continue to expand during the March 2023 quarter. Domestic economic activity, he noted, was estimated to have returned to pre-COVID-19 levels in the December 2022 quarter and was expected to remain above pre-COVID levels over the forecast horizon.

On the matter of corporate governance, President Deidrick told the meeting that the Board continued to provide direction to management in ensuring that the credit union remained safe and sound and had implemented enhanced guidelines/procedures/policies to ensure the operations were strengthened and risks minimized. The Board also undertook the following responsibilities:

- ✓ Approval of the risk parameters and policies, as well as the risk appetite for the organization.
- ✓ Ensured that the credit union operated within applicable laws, regulations, and procedures.
- ✓ Approval of strategic plans to include budgets, business plans and targets.
- ✓ Assessment of the adequacy of risk management and internal controls etc.

The Board, he said, continued to evaluate its performance through its annual board evaluation exercise and addressed areas that required improvements or input. Staff training and development, the President continued, remained an area of priority and both staff members and elected officers were exposed to training sessions and seminars during the year.

Mr. Deidrick ended his presentation highlighting the financial performance of the credit union, pointing out that it was better than 2021 and that the Board was pleased to provide members with a reasonable dividend and a rebate on interest on loans paid in 2022. After thanking the members, staff, elected volunteers, and other stakeholders, he said that the Board anticipated continued commitment and support from everyone for a better year in 2023.

Adoption of the Board of Directors' Report

There being no question, the Report was adopted on a motion by Ms. Gay Clunis and seconded by Mr. Randolph Jones; all were in favour.

TREASURER'S

The Report was presented by Treasurer Samuel Manning who referred the members to the Treasurer's Report contained on pages 33 through 94 of the Annual Report. He began his presentation by indicating that the year 2022 saw the credit union beginning the journey of recovery from the devastating impact of the COVID-19 pandemic. Some displaced members slowly regained employment, some continued to seek employment and others sought to start their own businesses. The credit union's performance, though not at the pre-pandemic level was commendable, and allowed for a reasonable return on members' investments. Highlights of his presentation are as under:

The Jamaican Economy

The BOJ reported that the Jamaican economy continued to show strong growth. For fiscal year 2022-23, real GDP growth was projected in the range of 4.0% to 5.5%, and for 2023-24 it was projected to moderate as income growth among Jamaica's main trading partners normalised to pre-COVID levels. The inflation target of 4%-6% was considered optimal to support Jamaica's long-run growth and was also consistent with the programmed reduction in public debt. The Monetary Policy Committee (MPC) held the policy interest rate at 7%, to maintain its posture in the money market and to continue ensuring relative stability in the foreign exchange market.

Outlook

Despite positive economic development, the risks to Jamaica's inflation outlook were elevated. In a context where the domestic economy continued to grow, labour market shortages carried the potential for future wage adjustments that could put upward pressure on inflation. Additionally, the Central Bank posited that should the projected level of liquidity in the financial system be left unchecked, it would pose a material risk to the achievement of the inflation target, as well as to the maintenance of stability in the foreign exchange market.

Higher than expected inflation could also ensue from worsening supply chain conditions and higher commodity prices in the event of further geo-political disruptions. On the downside, weaker than expected global growth could negatively affect domestic demand and some projected adjustments to regulated prices might not materialise.

Our Performance

There were marked signs of improvement in the credit union's overall operations, as it continued to recover from the devastating effects of the COVID-19 pandemic and was able to reverse some of the adverse performances of 2021, amidst the challenges experienced in 2022.

The credit union continued to have clearly defined financial goals and other strategic measures to ensure alignment with its Mission. The financial information contained in the Treasurer's Report is consistent with the audited financial statements. Mr. Manning highlighted the credit union's performance in specific areas as under:

Capital

When the proposed 30% of undistributed surplus (\$4.25m) is applied, the Institution Capital is increased to \$408.76m or 17.21% of Assets.

Assets

Assets increased by 5.40% (4.1% in 2021), moving from \$2,252.75m to \$2,374.51m.

Loans

The Loan portfolio recorded a 15.68% (2021: -0.10%) increase, moving from \$1,247.47m to \$1,443.61m. While \$548.15m (2021: \$375.13m) was disbursed during the period, \$352.98m (2021: \$386.97m) was repaid. Expected Credit Loss (ECL) decreased by \$0.51m, moving from \$7.88m to \$7.37m.

Income/Surplus

Income amounted to \$190.24m; a reduction of \$10.48m, with 'Income from Loans' accounted for \$141.71m (2021: \$138.97m). Non-interest Income decreased by 35.33% moving from \$14.55m to \$9.41m. Gains on indexed investments declined by 62.66%, moving from \$6.56m to \$2.45m year-over-year.

Amount Available for Distribution

The amount available for distribution (after the transfer of 30% to statutory reserves) increased by \$2.8m or 4.05% to \$71.77m; (2021: \$68.97m). The Board of Directors has approved a dividend payment on Voluntary Shares of 4.5% or \$62.50m, an increase of 0.50% when compared to 2021. Dividend disbursements would then be increased by \$8.70m, up from the \$52.80m disbursed in 2021.

Borrowing members continued to be rewarded with a 2.5% rebate (\$3.43m) on loan interest paid in 2022; a proposal is being put forward to the meeting for dividend payment of 10% to be paid on Permanent Shares.

Expenses

Total Operating Expense declined by 3.52% moving from \$113.12m to \$109.15m with 'Depreciation' and 'Repairs and Maintenance' being the main categories accounting for the reduction. Staff Costs remained relatively flat, moving from \$59.95m to \$58.50m.

Shares

The Voluntary Shares portfolio rebounded and recorded an increase of 6.48% or \$90.34m (2021:1.83% or \$25.09m). The Permanent Shares portfolio increased by 9.25% (2021:17.64%) and ended the year at \$30.42m.

Savings Deposits

The Savings Deposit portfolio increased by 2.94% or \$5.62m moving from \$190.68m to \$196.29m.

Mr. Manning ended his presentation by thanking the members, directors, volunteers, management, staff and other stakeholders for the confidence and support placed in the Team as he pointed them to the Simplified Statement of the Financial Position at page 37 and to the Approval of the Financial Report from the Department of Cooperatives and Friendly Societies at Page 38.

AUDITOR'S

The Auditor's Report was taken as read on a motion by Mr. Paul Ford and seconded by Miss Kimberly Vaz. Mr. Andrew Thompson of HLB Mair Russell presented and shared highlights from the Auditor's Report on the audited financial statements contained on pages 41 to 46 of the Annual Report.

Matters Arising from the Auditor's Report

In response to Member Orrette Staple's question on whether it was a requirement for the Auditors to read the Report at the AGM, Mr. Manning said though he was uncertain that it had to be thoroughly read, he knew it had to be presented.

In response to another question from Mr. Staple, Dr. Wilson explained that the Expected Credit Loss (ECL) was reduced and not increased as he asserted, and that the reduction to less than 1% meant that the credit union was managing its delinquency portfolio very well.

Mr. Staple stated that net interest on income was increasing as were other expenses resulting in pressure on income. Dr. Wilson reiterated the position reported earlier by the Treasurer that there was a decline in expenses over the period when compared to the previous year. He requested an explanation on the 'Resale Agreement' referred to on page 52. Mr. Thompson confirmed that the investment category, also referred to as repos, allowed for a defined interest at the end of a period. Dr. Wilson, in response to another question from Mr. Staple indicated that the amount under category 'Resale Agreement' represents 2 investments in NCB Capital Markets for \$30m and \$20m respectively.

Adoption of the Treasurer's and Auditors' Report

The Reports were adopted on a motion by Mr. Carlington Miles and seconded by Mr. Orrette Staple; all were in favour.

CREDIT COMMITTEE

Ms. Gay Morgan, Committee Chair presented the report and referred the meeting to pages 95-99. She gave a synopsis of the report noting that the committee met on thirty-eight (38) occasions to carry out its mandate and several tasks were undertaken, which included:

- ✓ Approval of loans within the limits set by the Board of Directors.
- ✓ Ratification of loans approved by in-house Committee and authorized as per the Credit Union's policies.
- ✓ Provided feedback to the Board of Directors on trends, both within and external to the Credit Union during the year

She highlighted the increase in the loan portfolio as the credit union sought to rebound from the negative effects of the COVID-19 pandemic as well as the following:

- ✓ Loans disbursed for the year amounted to \$548.15m compared to \$375.13m in 2021, an increase of \$173.02m or 46.12%.
- ✓ Loan Repayments decreased by \$33.99m moving from \$386.97m to \$352.98m. Overall, the loan portfolio grew by \$195.46m.
- ✓ The Net Loans Portfolio amounted to \$1,443.16m, a 15.68% increase over the \$1,247.47m in 2021.
- ✓ Loans disbursed in the “Loan within Shares” category, increased by \$48.47m or 37.67% when compared to 2021. The value of disbursements amounted to \$177.15m.
- ✓ An amount of \$30.01m was disbursed for the purchase of motor vehicles, reflecting a \$50.06m or 62.52% decrease when compared to the previous year.
- ✓ There was an uptick in demand for real estate loans which increased significantly during 2022, as members took advantage of the special offerings made available to them. Requests for pre-qualification letters also increased significantly during the period. The value of real estate loans disbursed amounted to \$263.66m, an increase of 201.42% or \$176.19m when compared to \$87.47m in 2021. Disbursements in this category accounted for 48% of total loan disbursements for the year.

Ms. Morgan indicated that the committee was generally pleased with the management and administration of credit extended by authorised officers. The credit policies and procedures, including the timely registration of securities and necessary follow-ups were being done, and loans were approved within the prescribed limits as per the Loans Policy.

She ended her presentation by acknowledging with thanks, the assistance given to the committee by the Board of Directors, Management, and staff, as well as to the members for the confidence they have placed in the credit union to cater to their financial needs.

Adoption of the Credit Committee’s Report

The Report was accepted on a motion by Mr. Paul Ford, seconded by Mrs. Geraldine Geddes. All were in favour; the motion was carried.

SUPERVISORY COMMITTEE

The Report was presented by Committee’s Secretary, Ms. Nicola Reid in the absence of Chairman Mrs. Maria Chen who was unavoidably absent. Ms. Reid referred the meeting to the Report contained on pages 100 to 102 of the Annual Report. She reported that the Committee met on seven (7) occasions during the year, referencing the attendance record at page 100, and shared the Committee’s Mandate to, in accordance with the Credit Union’s Corporate Governance Framework, provide oversight responsibility of the credit union’s operations.

Ms. Reid told the meeting that the Committee undertook a structured programme of review of the credit union’s activities based on an assessment of associated risks, and that the objectives of the reviews performed included but were not limited to:

- ✓ Evaluation of the adequacy of policies, procedures, and internal controls,
- ✓ Evaluation of performance against these said policies, procedures, and internal controls,
- ✓ Verifying that the Credit Union meets the minimum Regulatory Requirements (Bank of Jamaica and Jamaica Co-operative Credit Union League’s (JCCUL) and
- ✓ Safeguarding of credit union’s assets.

She detailed the major areas of focus of the Committee during the year as under:

1. **Internal Controls:** Internal control mechanisms (financial, compliance and risk management) were assessed for effectiveness and adherence by the Credit Union. Controls were found to be operating as intended for the most part. Areas for improvement were brought to the attention of management.
2. **Bank & ATM Reconciliations:** The reconciliations for all bank accounts and ATMs were done in a timely fashion and found to be in order.
3. **Statutory Taxes:** Payroll monthly and annual returns were examined for computational and arithmetical accuracy and compliance with filing deadlines and found to be generally satisfactory and compliant.
4. **Member Accounts:** The internal controls surrounding the management of member accounts, specifically as it related to deceased members, the debit card issuance process and savings and deposits, were reviewed and found satisfactory.
5. **Legal and Regulatory Compliance:** The Committee reviewed the Proceeds of Crime Act (POCA), the Terrorism Prevention Act, and Anti-Money Laundering (AML) reports, Bank of Jamaica Compliance reports as well as Know Your Customer (KYC) requirements, noting areas for continued review and focus, as well as ensuring that the remedial measures recommended were implemented on a timely basis by management.
6. **Capital Adequacy Management:** The Credit Union's capital base remained adequate to support its current level of operations.
7. **Liquidity & Investments:** Management controls related to Credit Union's Investment and Liquidity Policies were functioning as intended. Compliance and monitoring were observed as per policy requirements.
8. **Surprise Cash Count:** Cash counted was fairly stated and adequately secured.

Ms. Reid noted that other areas the committee reviewed included loans underwriting, internal controls relating to the company's credit card, internal audit reports, external auditor's management letter, Family Indemnity Plan (FIP) commission process, General Consumption Tax (GCT) returns, compliance with Fit & Proper regulatory requirements as well as adjusting journal entries from the annual audit exercise were reviewed and found to be generally operating in accordance with the credit union's established procedures.

She advised the meeting that there was no indication that the Credit Union was overly exposed to internal or external risks, and that the committee continued to be represented on the Asset & Liability Management (ALM) Committee, Bank of Jamaica (BOJ) Readiness, Data Protection Act and Risk & Compliance Committees.

In ending her presentation, she stated that members of the Committee participated in mandatory training on the Proceeds of Crime Act (POCA) and Anti-Money Laundering (AML) regulations, and expressed appreciation to the Board of Directors, Management and Staff of the Credit Union for their assistance and cooperation during the year and to the members for the trust placed in the committee.

Adoption of the Supervisory Committee's Report

The Report was accepted on a motion by Mrs. Sharon McEachron and seconded by Mrs. Michelle Mais-Cadenhead; the motion was carried.

DELEGATES TO THE 81ST AGM OF JAMAICA CO-OP CREDIT UNION THE LEAGUE

Delegate Dr. Maxine Wilson presented the Report contained at pages 103 to 104 of the Report and told the meeting that the 81st Annual General Meeting and Convention of the Jamaica Co-op Credit Union League (JCCUL) was held at the Ocean Coral Spring Hotel in Trelawny from June 17-22, 2022. The convention was held under the theme "Integration, Next Generational Leadership" was held jointly with the Caribbean Confederation of Credit Unions (CCCU) and attracted attendees from seventeen (17) Caribbean countries.

The Annual General Meeting took place on June 18 under the theme "Developing Credit Unions... Building Jamaica" with approximately 140 delegates/alternate delegates/observers in attendance. The Board of Directors, Treasurer's and Auditors, Supervisory and Nominating Committees reports were all presented. Distribution of surplus in the amount of \$217.9m was approved by the Delegates, who also accepted a proposal put forward that the maximum liability of the League be set at \$5 billion.

Election of Officers

The following persons from their respective credit unions were elected to serve on the Board of the League: - Mr. Martin Blackwood (Portland), Mrs. Andrea Wilson-Messam (Broadcast and Allied), Mr. Alexander Bourne (Manchester), Mr. Ryan Muir (Lascelles Employees and Partners) and Ms. Bornette Donaldson (C&WJ).

Persons elected to serve on the Supervisory Committee are: - Ms. Nicola Reid (Palisadoes), Ms. Paulette Green (Jamaica Police), Ms. Karen Robotham-Teape (Broadcast & Allied), Ms. Mary Dick (JTA) and Mr. Ricardo Jones (COK Sodality).

Awards

The meeting ended with the announcement of several credit union awards for their performances in various categories. Palisadoes Credit Union was awarded Credit Union of the Year; Runner-up position in the "Medium Credit Union" category.

Adoption of the Delegates to the League Report

The Report was adopted on a motion by Ms. Gay Clunis and seconded by Ms. Brittany Blake; the motion was carried.

MANAGEMENT DISCUSSION/ANALYSES

Dr. Wilson presented the Management's Discussion/Analyses on the credit union's performance for the year 2022 as outlined at pages 105 to 108 of the Annual Report. She told the meeting that the credit union continued to rebound from the impact of COVID-19 as detailed in its financial performance already presented, and highlighted staff activities held during the year which included staff luncheon and "kulcha day".

Regarding training, work continued on empowering the team members and equipping them with the training required to offer exceptional service. Internal and external training sessions to which staff members were exposed included Proceeds of Crime Act, Risk Management and Disaster Preparedness. The annual business simulation exercise conducted provided an opportunity to identify and correct several operational weaknesses that would likely arise in a disaster.

She informed the meeting of the death of the following members who passed in 2022: - Angelina Catnott-Cousins, Garfield Jones, Leeroy Kerr, Roger Vezina, Carol Caseman, Jack Bogie, Leslie Facey, Shardene Williams, Cleveland Wilson, Janice Knibbs, Lewis Thompson, Dorrett Muswah, Joslyn Hibbert and Narria Dobson. Eight claims were processed on behalf of deceased members during the year with an average value of \$467,216.80, compared to 18 that averaged \$299,519.49 in 2021.

She also told the meeting that in August, the ‘Helping Hands’ team staged a back-to-school treat at the Central Branch All-Age School in Kingston where the credit union distributed hundreds of school supplies, groceries, care packages and refreshments to students and residents in the adjoining communities.

In December the Team made its customary annual visit to the Port Royal community, sharing with the ‘golden agers’ in fun and tangible ways. The Team conducted home visits to the shut-ins and provided groceries, care packages and refreshments.

Regarding scholarships, 11 scholarships were awarded during the year as follow: Henley Johnson Scholarship - Tevianna Cadenhead (Parent – Michelle Mais-Cadenhead); Roy Morrison Scholarship - Addison Morgan (Parent-Telroy Morgan), Makenzie Henry (Parent-Celia Russell-Henry), Paula-Gaye Clarke (Parent – Paul Clarke), Satria McLean (Parent-Pearline Bryan), Caveen Blagrove (Parent- Jacqueline Levine-Blagrove) and W.A. Roberts Scholarship - Taliyah McKenzie (Parent – Ingrid Smith).

In closing, Dr. Wilson expressed thanks to all members past and present, Boards of Directors, committees’ members, management, and staff, as well as all other persons who served the Credit Union over its 70 years of existence.

PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY- YEAR ENDING 2023 DECEMBER 31

Treasurer Manning referred the meeting to Page 109 of the Report which details the proposal - “In keeping with Rule 71 (amended) which now states that “The Board of Directors may incur a liability in voluntary shares, deposits and/or loans from any source on such terms of payment and security; provided that the total liability shall not exceed a ratio of twenty (20) times the Credit Union’s Capital”, it is proposed that the Maximum Liability to 2023 December 31, be set at ten (10) times the Credit Union’s Capital.” The Proposal was seconded by Ms. Colinnette Wilson and approved by the membership.

PROPOSAL FOR THE APPROPRIATION AND DISTRIBUTION OF SUPRLUS FOR THE YEAR ENDED 2023 DECEMBER 31

Mr. Manning read the Proposal for the Appropriation of Surplus as outlined on Page 110 of the Report, noting that before distribution of Net Surplus, the credit union’s *Capital Sufficiency* as at 2022 December 31 was 26.76% (2021: 27.09%), and the undistributed surplus amounted to **\$71.77m**. After the proposed distribution (appropriation and expenses) outlined on the page, the **Capital** (inclusive of the proposed additional amount of \$1.5m to statutory reserves) decreases to \$410.26m or **17.27%** of Assets.

He advised the meeting that the Board proposed the following surplus distribution to 2022 December 31:

✓ Additional Amount to Statutory Reserve	\$ 1,500,000
✓ General Reserves	\$ -
✓ 10% dividend on Permanent Shares	\$ 2,882,000
✓ Education & Outreach	\$ 1,200,000
✓ Honoraria	\$ 1,250,000
TOTAL	<u>\$ 6,832,000</u>

The proposal was seconded by Mr. Paul Ford and was unanimously adopted. The Treasurer also told the meeting that the Board of Directors has approved the following expenses for distribution to the membership:

✓ Dividend	\$61,500,000
✓ 2.5% rebate on Loan int. paid	\$ 3,434,000
TOTAL	<u>\$64,934,000</u>

NOMINATING COMMITTEE'S REPORT

Mrs. Sheryll Hamilton, Committee Chair, presented the Report outlined on Pages 112 to 13 of the Annual Report. Mrs. Sharon McEachron and Mrs. Claudine Purboo (Staff Liaison) were the other members of the committee.

She indicated that a series of processes/due diligence to identify and determine the suitability of members for recommendation to the AGM for election was undertaken and all members deemed fit and proper. The recommendations for the 2023-2024 period are as follow:

Board of Directors

Retiring Directors Celay Harwood-Gayle, Samuel Manning and Margareth Antoine, having indicated their willingness to continue serving, were recommended to serve for two (2) years. Ms. Nicola Reid was recommended to serve the unexpired term of one year left vacant by the resignation of Mr. Dervin Aiken. Ms. Reid previously served on the Supervisory Committee.

Credit Committee

Retiring committee member Orrette Staple and Michelle Mais-Cadenhead, having indicated their willingness to serve, were nominated to serve for 2 years.

Supervisory Committee

The tenure of all members of the Supervisory Committee having expired, persons recommended to serve for the stipulated 1-year life of the committee were: - Mr. Wayne Rowe, Mr. Andrew Thomas, Ms. Elaine Walters, Mr. Donovan Dobson, and Mrs. Zonia Foster-Forbes. The meeting was referred to the Profile of New Nominees on page 114.

The meeting was advised that the Board of Directors appointed Ms. Celay Harwood-Gayle and Dr. Maxine Wilson to serve as Delegates to the JCCUL Group of Companies and other Co-operatives. Mr. Audley Deidrick and Robert Thelwell were appointed Alternate Delegates. The committee expressed thanks to the members nominated for making themselves available to serve and extended special thanks to Mr. Dervin Aiken and Mrs. Maria Chen for their invaluable service to the credit union.

ELECTION OF OFFICERS

Ms. Karen Atkinson representing the Department of Cooperatives & Friendly Societies presided as Returning Officer during the election of officers and guided members through the electoral process. There were no nominations from the floor and the nominees recommended by the Nominating Committee were duly elected. She extended congratulations to the elected officers and reminded the Board of Directors to meet within 10 days of the AGM to elect its officers and to submit the list of volunteers to the Department of Cooperatives and Friendly Societies.

OTHER BUSINESS

No "other business" matter was raised. Mr. Staple expressed thanks to the General Manager and staff for their outstanding work and contribution to the credit union. President Deidrick handed over to the General Manger for the presentations and gift-giving section of the Meeting.

PRESENTATIONS

Several special presentations were made which included a laptop computer to the Harbour View United Church in honour of former staff member Mrs. Hazel Johnson who has passed, and to past Directors Wilfred Roberts, Paul Ford, and Randolph Jones for their contributions to the growth and development of the credit union.

Prizes and Presentations

Dr. Wilson thanked the various organisations and individuals who provided over 100 gifts for the occasion. The drawing of prizes took place to the delight of the members present both physically and online.

TERMINATION

President Deidrick, thanked the members for their participation and continued support of the Credit Union before terminating the Annual General Meeting at 7:15 p.m.

Report of the Board of Directors for year ended 2023 December 31

Fellow Members,

On behalf of the Board of Directors, I am pleased to present to you the Board of Directors' Report for the year ended 2023 December 31. Our performance, despite significant challenges, continues to be a testament of our resilient nature, as we continued the path to empowering our members, creating pathways for them to fulfil their aspirations, while engaging several communities through various social outreach events.

You have demonstrated in so many ways throughout the years that we are indeed your first choice, and we believe that our actions are demonstrative of our Mission of **“maximising members’ wealth and enhance their wellbeing while developing valuable lifelong relationships”**. Yes! we have hit many hurdles along the way, but your patience, commitment and dedication to our credit union gave us the strength to “rise, and shine” and being able to post creditable results.

Corporate Governance & Training

This is the bedrock on which our organisation operates. We continue to adhere to robust governance standards and constantly seek ways to improve to better safeguard the interests of our members, whilst ensuring that the high level of trust and confidence in our credit union is maintained.

One of the critical tasks assigned to us as corporate governors is to provide direction to management, this to ensure that our credit union remains safe and sound. As such, we continue to monitor the happenings in the financial landscape and our own internal operations and processes. We have implemented enhanced guidelines, procedures, and policies to ensure that our operations are strengthened, and risks minimized in fulfilment of our mandate. Specific matters remain reserved exclusively for Board decisions.

We continue to update ourselves with current business, industry, regulatory and legislative developments, and trends that will affect the credit union’s operations, and have made ourselves available for the relevant training to include Proceeds of Crime Act, Anti-money Laundering and Counter Financing of Terrorism, Enterprise Risk Management as well as the Data Protection Act. We have signed the Ethics and Conflict of Interest, Corporate Governance, and other applicable policies indicating our commitment to abide by them.

In addition to the above, the Board also undertake the following responsibilities:

- Approval of the risk parameters and policies
- Ensure that the credit union operates within applicable laws, regulations and procedures
- Approval of strategic plans to include budgets, business plans and targets
- Assessment of the adequacy of risk management and internal controls etc.

Board Skills and Experience

Your Board of seven (7) Directors is equipped with some of the best minds in the financial industry. They collectively possess the knowledge, competence, independence, diversity, skills, and expertise required to provide oversight of the management and affairs of the credit union.

We are all deemed “fit and proper” to carry out our functions and are cognizant of the responsibilities placed on us as we fulfil the mandate you have set us.

Board Evaluation

We see this annual exercise as being very important and allows for comprehensive and rigorous self-evaluation, always maintaining objectivity, frankness and being able to constructively criticize, as we delve into how we can address and improve areas identified that require improvements. We work hard to ensure that solutions are found and implemented so we may focus on our responsibilities.

Our 2023 Performance

The Treasurer's and Auditors' Reports which will be presented at this meeting give details of our 2023 financial performance. We are pleased with the creditable performance of the credit union which has enabled us to increase "dividend" payout as well as a patronage refund to our borrowing members. Dividend disbursements on Voluntary Shares will amount to \$70.306m up from \$61.50m in 2022. Our borrowing members will have 2.5% of the interest they paid in 2023 returned to them, as we continue to reward our borrowing members.

While our financial performance is credible, and in keeping with our Mission, we not only ensured attractive financial returns, but we deliberately held loan interest rates below market rates to facilitate members who were purchasing their homes by offering a special interest rate. We congratulate and celebrate with our new homeowners as we encourage others to make owning your home a priority in 2024. As Joel Osteen reminds us "your time is too valuable, your destiny is too great, and your future is too bright to waste a single moment, be a now person".

The Future

Our destiny lies not in our history, so we must make bold steps, we must pursue new horizons, we must face the future with grit and determination, together we can, and together we must. Our commitment to you is to continue to improve on where adjustments are required, to look at innovative ways that we can serve you better. Your constructive criticisms are very important to us, they help us to be better, we welcome them.

The Board of Directors acknowledge with thanks the unquestionable commitment and dedication of the hard-working management, staff and other elected volunteers. We thank all our stakeholders who in one way or another continue to provide the support required in many respects. To those companies that continue to facilitate salary deductions on our behalf, we thank you.

We look forward to a great 2024, one in which many of your dreams will be transformed into reality. We remain available to you to help with the transformation.

Board Changes

Mr. Audley Deidrick resigned during the year. We wish to thank him for his service to the Board of Directors, and by extension the entire credit union. Mrs. Charmaine Heslop-DaCosta was co-opted to serve the unexpired portion of Mr. Deidrick's tenure, and we thank her for having availed herself once again to serve, having previously served as a Director.


Mr. Deidrick's departure left the position of President vacant, and yours truly was elected President. I wish to thank my fellow Directors for the confidence placed in me to lead the Board through to this Annual General Meeting.

Board Meetings

Nine (9) meetings were held during 2023 (Mr. Deidrick resigned after the first meeting), the attendance record of the Directors is detailed below:

NAMES	MEETINGS ATTENDED	MEETINGS EXCUSED
Margareth Antoine	9	0
Robert Thelwell	9	0
Audley Deidrick	1	0
Samuel Manning	8	1
Celay Harwood-Gayle	9	0
Sheryll Hamilton	8	1
Nicola Reid	8	1

ON BEHALF OF THE BOARD OF DIRECTORS


Celay Harwood-Gayle (Mrs.)
PRESIDENT

Treasurer's Report For year ended 2023 December 31

Fellow Members, it is indeed my pleasure to present to you the credit union's financial performance for the year 2023, a year which can best be described as one of further recovery from the negative effects of the COVID-19 pandemic. Our determination coupled with your unwavering commitment enabled us to hurdle the challenges and achieve reasonable results for the year.

The Global Economy

Much has happened on the global scene during the year as nations grappled with increased higher than anticipated inflation. In the U.S., the annual Federal Reserve's Personal Consumption Expenditures Price Index measured 2.6% in November. According to the Fed's latest Summary of Economic Projections, the prediction is that it will take 2 more years to get to its target of 2%.

In the UK, Inflation accelerated in December 2023 for the 1st time since February 2023, as consumer prices rose 4% in December when compared with Dec 2022. China's economy grew by 5.2% in 2023, hitting the government's official target, despite concerns about growth momentum amid a protracted property crisis, sluggish consumer and business confidence, and weak global growth.

Red Sea Crisis

Attacks by Iran-backed militants in the Red Sea have effectively closed one of the world's main trade routes to most container ships. A prolonged closure of the waterway which connects with the Suez Canal could sever global supply chains and drive up the prices of manufactured goods at a crucial moment in the battle to defeat inflation.

As the crisis escalates, the ramifications for the global economy are growing, oil prices are rising. Brent and US crude prices have increased on fears of a wider regional war that could disrupt supplies. The World Bank has warned that the disruption to key shipping routes was "eroding slack in supply networks and increasing the likelihood of inflationary bottlenecks".

The Jamaican Economy

The Bank of Jamaica has reported that inflation is projected to remain above the Bank's target range until June 2025, noting also that whilst some key drivers of headline inflation, such as inflation expectations and the exchange rate, have remained generally stable, the risks to the inflation outlook remain elevated. In the context of the inflation outturn and outlook, the Monetary Policy Committee (MPC) decided to maintain the policy interest rate at 7% and tighten Jamaica dollar liquidity conditions more aggressively whilst maintaining heightened surveillance of the risks to the inflation outlook.

Inflation

Jamaica's point-to-point inflation rate (Dec. 2022 - Dec. 2023) was 6.9%. For the fiscal year-to-date, the inflation rate was 7.3%, while the calendar year-to-date (Jan. - Dec 2023) was 7.5%.

Business and Consumer Confidence

Jamaica's Consumer Confidence Index reached 174.7 points in the fourth quarter of 2023, marking its highest level since 2019, indicating an 8.5% increase from the previous quarter. This surge suggests that consumers are sensing a return to pre-pandemic conditions, with expectations of significant changes in business and job conditions over the next 12 months.

The Business Confidence Index, however, experienced a dip from 144.7 points to 139.1 points between the third and fourth quarters, indicating a -3.9% decline. This change is attributed to the decline in firms' financial standings and profit performance during the same period. Businesses and consumers remain steadfast in their concern about crime and violence, considering it a significant impediment to Jamaica's growth.

Net International Reserves (NIR)

The Bank of Jamaica has reported that Jamaica's Net International Reserves on December 31, 2023, stood at US\$4.75 billion, reflecting an increase of US\$0.77 billion when compared to the US\$3.98 billion reported at the end of December 2022.

Outlook for the Jamaican Economy

Despite many positive developments taking place, the risks to Jamaica's inflation outlook are elevated, Real GDP continues to expand, with the December 2023 quarter estimated to have grown within the 1% to 3% range, with signs that the economy will expand in the March 2024 quarter. BOJ anticipates that real GDP will grow by 2-3% for the financial year 2024/2025 and between 1% and 2% over the medium term.

The BOJ said that this continued economic buoyancy mirrored the decline in the unemployment rate to a new record low of 4.2% in October 2023, indicating that the domestic labour market remains very tight, with evidence of strong jobs growth in a wide cross-section of the economy. It further stated that the growth in the value-added of the economy, when compared with the strong employment growth, suggests that the productivity of labour continues to decline. Combined with the real wage adjustments recently, this fall in productivity continues to be of some concern to the Bank.

Our Performance

We are pleased that there were marked signs of improvement in the overall operations of the credit union year-over-year, as it continued to recover from the devastating effects of the COVID-19 pandemic. Our efforts at assisting members to recover resulted in holding our interest rates on loans below market, in some cases, during the better part of the year. A positive effect of these efforts was also reflected in and contributed to the growth of our loan portfolio in 2023.

Performance Results

The financial information contained in the Treasurer's Report is consistent with the approved audited financial statements as detailed later in this Annual Report. Below are highlights of our performance as at 2023 December 31.

Capital

When the proposed 30% of undistributed surplus (\$5.78m) is applied, the Institution Capital is increased to \$419.41m or 16.89% (2022: \$408.76m or 17.21%) of Assets.

Assets

Assets increased by 4.63% (5.4% in 2022), moving from \$2,374.51m to \$2,484.59m.

Loans

The Net Loan portfolio recorded an 11.13% (2022: 15.68%) increase, moving from \$1,443.16m to \$1,604.76m, a \$161.60m increase. While \$540.16m (2022: \$548.15m) was disbursed during the period, \$378.21m (2022: \$352.98m) was repaid. The Expected Credit Loss increased by \$0.35m moving from \$7.37m to \$7.72m.

We continue to employ stringent collections policies and procedures as much as possible, to reduce the risks of any increase in delinquency. As per the PEARLS provision, at year-end our Delinquent Loan: Total Loan ratio was less than 1.00%.

Income/Surplus

For the year in review, we grossed an Income of \$201.71m (2022: \$190.24m), an increase of \$11.47m or 6.02%. 'Income from Loans' increased by 6.77% and ended the year at \$151.30m (2022: \$141.71m); there was a gain in the "Fair value on Investments" of 23.47%, moving from \$12.23m to \$15.10m. Non-interest Income decreased by 29.54% moving from \$9.41m to \$6.63m. "Rental Income" accounted for the significant decline as our Garelli property was vacant for most of the year.

Amount Available for Distribution

The amount available for distribution (after the transfer of 30% to statutory reserves) increased by \$9.32m (or 13.00%) to \$81.09m; this compared to \$71.77m which was available in 2022.

Your Board is very pleased to be able to approve a dividend payment on Voluntary Shares of 4.80%, an increase of 0.30% when compared to 2022. This means that dividend disbursements will increase by \$8.81m to \$70.31m up from the \$61.50m disbursed in 2022.

We continue to reward our borrowing members and are pleased to be able to provide them with a 2.5% rebate (\$3.60m) on loan interest paid in 2023. A proposal is being put forward to the AGM for a dividend payment of 10% on Permanent Shares.

Expenses

Total Operating Expenses decreased by 1.96% (a decrease of 3.52% in 2022) moving from \$109.15m to \$107.01m. Depreciation, Administrative Expenses and Subscriptions were the main categories that accounted for the reduction. Staff Costs remained relatively flat, moving from \$58.26m to \$58.50m.

Shares

The Voluntary Shares portfolio recorded an increase of 5.72% or \$85.04m (2022: 6.48% or \$90.34m). The Permanent Shares portfolio increased by 10.66% (2022: 9.25%) and ended the year at \$33.67m.

Savings Deposits

The Savings Deposits portfolio decreased by 2.98% or \$5.85m moving from \$196.29m to \$190.44m as members continued to find savings in shares more attractive.

Our Focus

The creditable results posted for 2023 highlight the continued commitment and support from you our members, who continue to invest your trust and confidence in the credit union. Our dedicated members of staff worked tirelessly throughout the year to ensure that our credit union remained healthy and strong.

Our Institutional Capital remains one of the highest in the Jamaican credit union movement, a testament to the financial strength of the credit union. As we look ahead, we endeavour to seek additional ways to satisfy your financial needs and continue to safeguard and manage your investments in the most frugal way possible.

Over the last three (3) years, we have identified and acknowledged the growing shift from motor vehicle loans to loans for the purchasing of properties, as more members seek to own their own homes. We are very conscious of this and will continue to assist first-time homeowners in borrowing amounts of \$20m or less to make their first purchase with a special loan rate.

I use this medium to encourage you to save more, take a little time out and review your expenses, determine which can be reduced, increase the amount allotted for savings, and put your money in the credit union, right where it belongs. Will Robinson once said, "Financial fitness is not a pipe dream or a state of mind, it is a reality if you are willing to pursue and embrace it".

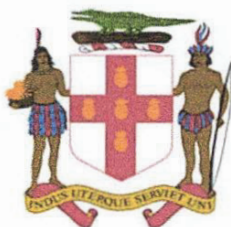
We CAN and WILL go the distance to ensure your financial health and wellness as we pursue "New Horizons".

Thanks to you our members, fellow directors, other elected officers, the management and staff, and other stakeholders. We are forever grateful for the part you played in supporting us throughout the years. We remain undaunted as to what the future holds, and will boldly face it with grit, determination, and commitment.

Wishing for you and your families a successful 2024.



Samuel Manning
TREASURER



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Investment, and Commerce

2 Musgrave Avenue, Kingston 10

Jamaica, W.I.

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

E-mail: dcfs@cwjamaica.com

Website: www.dcms.gov.jm

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

S1

R99/-189/03/24

March 21, 2024

The Secretary
Palisadoes Co-operative Credit Union Limited
Norman Manley International Airport
Palisadoes P.A.
KINGSTON

Dear Sir/Madam:

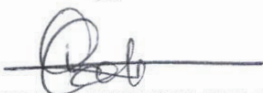
I forward herewith the Financial Statements of your Society for the year ended December 31, 2023.

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

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

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

Yours truly,



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

HOPE GARDENS
Hope Gardens, Kingston 6
(876) 648-6870

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

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



**PALISADOES
CO-OPERATIVE
CREDIT UNION
LIMITED**



Palisadoes Co-operative Credit Union Limited

Financial Statements
December 31, 2023

Palisadoes Co-operative Credit Union Limited

December 31, 2023

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Independent auditor's report

To the Department of Co-operative Friendly Societies
Re: Palisadoes 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 Palisade's Co-operative Credit Union Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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 Department of Co-operative Friendly Societies
Re: Palisadoes 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)

Loan and allowances for credit losses on loans

As at December 31, 2023 loans after allowances for credit losses of \$7.2 Million amounted to \$1.5 billion or 61% 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 judgements 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 Department of Co-operative Friendly Societies
Re: Palisadoes 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)

Loan 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 and the assumptions. 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 Department of Co-operative Friendly Societies
Re: Palisadoes 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.



Independent auditor's report (cont'd)

To the Department of Co-operative Friendly Societies
Re: Palisadoes 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

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

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



Independent auditor's report (cont'd)

To the Department of Co-operative Friendly Societies
Re: Palisadoes 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)

- 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.

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 Other Legal and Regulatory Requirements

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

March 18, 2024


Chartered Accountants

Palisadoes Co-operative Credit Union Limited

Statement of financial position

December 31, 2023

	Note	2023 \$	2022 \$
Assets			
Non-current assets			
Earning			
Financial investments	(4)	188,815,601	164,733,853
Loans, after provision for expected credit losses	(5)	1,420,189,845	1,415,646,095
Automated Teller Machines	(6)	2,754,240	3,340,706
		1,611,759,686	1,583,720,654
Non-Earning			
Property, plant and equipment	(7)	44,313,359	40,942,989
Retirement benefit asset	(8)	16,012,000	9,112,000
		60,325,359	50,054,989
Total non-current assets		1,672,085,045	1,633,775,643
Current assets			
Earning			
Financial investments	(4)	523,182,341	624,606,846
Loans, after provision for loan impairment	(5)	184,567,962	27,515,073
		707,750,303	652,121,919
Non-earning			
Bank and cash balances	(9)	67,570,708	65,334,917
Receivables	(10)	37,188,553	23,275,118
		104,759,261	88,610,035
Total current assets		812,509,564	740,731,954
Total assets		2,484,594,609	2,374,507,597

Palisadoes Co-operative Credit Union Limited


Statement of financial position

December 31, 2023

	Note	2023 \$	2022 \$
Capital and liabilities			
Capital			
Permanent share capital	(11)	33,670,415	30,424,677
Institutional capital	(12)	385,730,700	378,333,317
Non-institutional capital	(13)	162,015,781	155,115,781
Undistributed surplus		81,686,219	71,774,157
Total capital		663,103,115	635,647,932
Liabilities			
Non-current liabilities			
Interest bearing			
Members' shares	(14)	1,569,434,172	1,484,399,156
External credit	(15)	29,053,411	28,911,276
		1,598,487,583	1,513,310,432
Non-interest bearing			
External credit	(15)	4,880,491	4,880,491
Total non-current liabilities		1,603,368,074	1,518,190,923
Current liabilities			
Interest bearing			
Savings deposits	(16)	190,437,342	196,292,995
Non-interest bearing			
Accounts payable and accruals	(17)	27,686,078	24,375,747
Total current liabilities		218,123,420	220,668,742
Total liabilities		1,821,491,494	1,738,859,665
Total capital and liabilities		2,484,594,609	2,374,507,597

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

Approved for issue by the Board of Directors on March 18, 2024 and signed on its behalf by:

 President

 Assistant Treasurer

Palisadoes Co-operative Credit Union Limited

Statement of income and expenditure and Other comprehensive income

Year ended December 31, 2023

	Note	2023 \$	2022 \$
Interest income			
Members' loans		151,303,223	141,706,972
Investments		28,674,667	26,895,344
Fair value gain on investment		15,099,315	12,228,360
		195,077,205	180,830,676
Interest expense and dividends			
Interest on members' savings and deposits		4,376,947	4,084,168
Dividends		67,273,946	58,595,674
External credit		296,180	282,265
Bank charges and interest		1,144,898	505,763
		73,091,971	63,467,870
Net interest income			
		121,985,234	117,362,806
Net movement on loan impairment provision		(1,069,337)	(1,647,982)
Net interest income after provision for losses		120,915,897	115,714,824
Non-interest income			
Service fees		4,684,148	4,135,228
Money transfer service commission		20,072	9,836
Rental income		110,000	1,430,000
Foreign exchange gain		88,456	2,452,436
Other income		1,728,312	1,380,419
		6,630,988	9,407,919
Gross margin			
		127,546,885	125,122,743
Less: Operating expenses	(18)	(107,013,940)	(109,146,603)
Surplus/(deficit) for the year before honorarium		20,532,945	15,976,140
Honorarium		(1,250,000)	(1,800,000)
Net surplus for the year		19,282,945	14,176,140
Other comprehensive income:			
Actuarial gain/(loss) on defined benefit plan		6,014,000	(5,446,000)
Fair value gain on investments		-	15,098,050
Other comprehensive income for the year		6,014,000	9,652,050
Total comprehensive income for the year		25,296,945	23,828,190

Palisadoes Co-operative Credit Union Limited

Statement of changes in equity

Year ended December 31, 2023

	Permanent Share Capital \$	Institutional Capital \$	Non- Institutional Capital \$	Undistributed Surplus \$	Total \$
Balance at December 31, 2022	30,424,677	378,333,317	155,115,781	71,774,157	635,647,932
Surplus for the year	-	-	-	19,282,945	19,282,945
Other comprehensive income					
Actuarial loss on defined benefit asset	-	-	6,014,000	-	6,014,000
Other comprehensive income	-	-	6,014,000	-	6,014,000
Total comprehensive income	-	-	6,014,000	19,282,945	25,296,945
30% transfer of statutory reserve	-	5,784,883	-	(5,784,883)	-
Transfer of retirement benefit asset	-	-	886,000	(886,000)	-
Education outreach	-	-	-	(1,200,000)	(1,200,000)
Additional statutory reserve	-	1,500,000	-	(1,500,000)	-
Entrance fee	-	112,500	-	-	112,500
Permanent shares	3,245,738	-	-	-	3,245,738
Balance at December 31, 2023	33,670,415	385,730,700	162,015,781	81,686,219	663,103,115

Palisadoes Co-operative Credit Union Limited

Statement of changes in equity

Year ended December 31, 2023 (cont'd)

	Permanent Share Capital \$	Institutional Capital \$	Non- Institutional Capital \$	Undistributed Surplus \$	Total \$
Balance at December 31, 2021	27,847,698	367,972,775	145,840,731	68,973,859	610,635,063
Surplus for the year	-	-	-	14,176,140	14,176,140
Other comprehensive income					
Fair value gain on investments	-	-	15,098,050	-	15,098,050
Actuarial loss on defined benefit asset	-	-	(5,446,000)	-	(5,446,000)
Other comprehensive income	-	-	9,652,050	-	9,652,050
Total comprehensive income	-	-	9,652,050	14,176,140	23,828,190
30% transfer of statutory reserve	-	4,252,842	-	(4,252,842)	-
Transfer of retirement benefit asset	-	-	(377,000)	377,000	-
Education outreach	-	-	-	(1,500,000)	(1,500,000)
Additional statutory reserve	-	6,000,000	-	(6,000,000)	-
Entrance fee	-	107,700	-	-	107,700
Permanent shares	2,576,979	-	-	-	2,576,979
Balance at December 31, 2022	30,424,677	378,333,317	155,115,781	71,774,157	635,647,932

Palisadoes Co-operative Credit Union Limited

Statement of cash flows

Year ended December 31, 2023

	2023 \$	2022 \$
Cash flows from operating activities:		
Surplus for the year	19,282,945	14,176,140
Adjustments for:		
(Gain)/loss on retirement asset	(886,000)	377,000
Depreciation	2,872,496	3,944,117
Net cash provided by operating activities	21,269,441	18,497,257
Cash flows from investing activities:		
Loans after provision for loan impairment	(161,596,638)	(195,689,367)
Financial investments	77,342,757	22,596,892
Resale agreement	-	50,000,000
Accounts receivables	(13,613,435)	(1,771,775)
Purchase of property, plant and equipment	(5,656,401)	(2,607,158)
Net cash used in investing activities	(103,523,717)	(127,471,408)
Cash flows from financing activities:		
Issue of permanent shares	3,245,738	2,576,979
Members' shares	85,035,016	90,342,298
Savings deposits	(5,855,653)	5,615,234
External credit	142,135	(231,803)
Payables and accruals	3,310,331	1,016,914
Entrance fees	112,500	107,700
Appropriations	(1,200,000)	(1,500,000)
Investment revaluation reserve	-	15,098,050
Net cash provided by financing activities	84,790,067	113,025,372
Net increase in bank and cash balances	2,535,791	4,051,221
Bank and cash balances at beginning of year	65,334,917	61,283,696
Bank and cash balances at end of year	67,570,708	65,334,917

Palisadoes Co-operative Credit Union Limited

Notes to the financial statements

December 31, 2023

1. General information and nature of operation

Palisadoes Co-operative Credit Union Limited is a Co-operative Society registered under the Co-operative Societies Act. The registered office of the Credit Union is located at Norman Manley International Airport, Palisadoes, Jamaica West Indies.

The main objective of the Credit Union is to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident and productive purposes at reasonable rates of interest.

The Credit Union is a member of the Jamaica Co-operative Credit Union League Limited (JCCUL or “the League”) which provides financial services, technical support and sets prudential standards for the Credit Unions.

The Department of Co-operative Friendly Societies approved a transfer of engagement of Petroleum Industry Employees Co-operative Credit Union Ltd. to Palisadoes Co-operative Credit Union Limited by order dated December 31, 2013.

The Department of Co-operative Friendly Societies approved a transfer of engagement of Carib Cement Co-operative Credit Union Ltd to Palisadoes Co-operative Credit Union Limited by order dated July 31, 2008.

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 in accordance with IFRS, and have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties and certain financial assets and financial liabilities.

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).

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

a Basis of preparation (cont'd)

Changes in accounting policies

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

Certain new and amended standards and interpretations 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 are relevant to the Credit Union.

Amendments to IAS 1, Practice Statement 2, and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank.

Amendments to IAS 1, Presentation of financial statements, on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). Amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The Credit Union is currently assessing the impact of this amendment.

Amendment to IAS 16- Leases on sales and leaseback (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Credit Union is currently assessing the impact of this amendment.

Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangement, (effective for annual periods beginning on or after 1 January 2024). The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

Terms and Conditions

1. As at the beginning and end of the reporting period:

- The carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented.
- The carrying amounts of financial liabilities and the line items, for which the finance providers have already settled the corresponding trade payables.
- The range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

2. The type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

a Basis of preparation (cont'd)

Standards, amendments and interpretations issued but not yet effective and have not been early adopted by the Credit Union (cont'd)

The Credit Union is currently assessing the impact of this amendment. .

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, (effective for annual reporting periods beginning on or after January 1, 2024) (with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied).

IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures and sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

The Credit Union is assessing the impact of the standard.

IFRS S2 — Climate-related Disclosures (effective for annual periods beginning on or after January 2024). (with earlier application permitted as long as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is also applied). IFRS S2 requires entities to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to climate-related physical risks; climate-related transition risks; and climate-related opportunities available to an entity.

The Credit Union is assessing the impact of the standard.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

b Property, plant and equipment

i Carrying value

Land and buildings are carried at revalued amounts being its fair value at the date of the revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Valuations are carried out by external professional valuers once every five (5) years, unless market-based factors indicate a risk of impairment.

Any surplus arising on revaluation of buildings is credited to revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss. To the extent that any decrease has previously been recognised in the statement of comprehensive income, a revaluation increase is recognised in the statement of comprehensive income with the remaining part of the increase recognised in equity. Downward revaluations of buildings are recognised upon revaluation or impairment testing, with the decrease being charged against any revaluation surplus in equity relating to this asset and any remaining decrease recognised in the statement of comprehensive income.

Equipment and automatic teller machines (ATM) are carried at acquisition cost less accumulated depreciation and impairment.

ii Depreciation is charged on assets from the date of acquisition.

Depreciation is provided on the straight-line basis at such rates as will write off the cost or revalued assets over the period of their expected useful lives. The estimated useful lives are:

Buildings	40 years
Furniture and equipment	10 years
Computers	5 years
Leasehold	5 years
ATM	10 years

No depreciation is provided on land. Property and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.

iii Repairs and renewals

The costs of repairs and renewals which do not increase the expected useful lives of assets or enhance their carrying value, are charged to the statement of comprehensive income when incurred.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

c Intangible asset – computer software

Computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 3(q). The useful life approximate to four (4) years. The initial amortisation period commences in the year following capitalisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

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 Credit Union.

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 Revenue

Interest income earned from loans, investment and commissions are recorded on the accrual basis.

f 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.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

g Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

g Financial instruments (cont'd)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains equity investments. The company accounts for these equity investments at FVTPL and did not make the irrevocable election to account for these equity investments at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet both of the following conditions:

- they are held under a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses are recognised in other comprehensive income (OCI).

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead, the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made 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 credit 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.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

g Financial instruments (cont'd)

Impairment of financial assets (cont'd)

'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.

Trade and other receivables and contract assets

The company makes use of a simplified approach in accounting for impairment of trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

h Statutory reserve

The Co-operative Societies Act requires the Society to set aside at least twenty percent (20%) of net surplus of the Credit Union. However, the members passed a resolution increasing the annual transfer to 30%. This reserve is not distributable.

i Institutional capital

Institutional capital includes the statutory reserve fund, permanent shares and entrance fees. This reserve is not available for distribution.

j League fees and stabilisation dues

The Credit Union is required to pay league fees of 0.2% of total assets less retirement benefits and revaluation reserve and stabilisation dues of 0.15% of total savings to the Jamaica Co-operative Credit Union League.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

k Originated loans and provision for loan impairment

Loans are stated net of any unearned income and provision for loan losses.

Loans are recognised when cash is advanced to members. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A provision for loan loss is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected.

When a loan is identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for loan losses to write down the loan to its estimated recoverable amount which is the present value of expected future cash flows, including amount recoverable from guarantees and collateral, discounted at the original effective interest rate of the loans.

The provision for loan losses also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the date of the statement of financial position. These have been estimated based upon historical patterns of losses in each component. The credit ratings allocated to the members and reflecting the current economic climate in which the members operate.

Specific provisions are established as a result of a review of the carrying value of loans in arrears and are derived based on the Jamaica Co-operative Credit Union League Limited's provisioning policy of making a full provision for loans in arrears over one (1) year and general provisions of 10 to 60% in respect of loans in arrears for 2 to 12 months.

Regulatory loan loss reserve requirement that exceed the provision required under International Accounting Standards (IAS) 39 "Financial Instruments" are dealt with in a non-distributable loan loss reserve as a transfer from unappropriated surplus.

l Pension obligations and short-term employee benefits

Pension to employees is provided through a Defined Benefit Plan.

A defined benefit plan is a pension plan that defines the 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 remuneration. The legal obligation for any benefits from this kind of pension plan remains with the Credit Union, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the balance sheet for defined benefit pension plan is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using estimated discount rates based on market yields on Government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

l Pension obligations and short-term employee benefits (cont'd)

Actuarial gains and losses are not recognised as an expense unless the total unrecognised gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to the Revenue and Expenditure Statement over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognised immediately in the Revenue and Expenditure Statement, unless changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past-service costs are amortised on a straight-line basis over the vesting period.

All expenses related to pension benefits are included in staff costs.

Short-term employee benefit is recognised for the number of paid leave days (usually holiday entitlement) remaining at the statement of financial position date. It is included in staff costs at the undiscounted amount that the Credit Union expects to pay as a result of the unused entitlement.

m Members' deposits and other borrowed funds

Members' deposits are recorded initially at the proceeds received. Subsequently, members' deposits are stated at amortised cost, using the effective yield method. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Other borrowed funds are recorded initially at the proceeds received, net of direct costs, and then subsequently stated at amortised cost, using the effective yield method. Finance charges, including premiums payable on settlement or redemption, are also accounted for on an accrual basis.

n Receivables

Receivables are carried at anticipated realisable values. 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.

o Other liabilities

Other liabilities are stated at their nominal value.

p Borrowing costs

Borrowing costs are recognised in the statement for all interest-bearing instruments in the period in which they are incurred by reference of the principal outstanding, and at the effective interest rate applicable.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

q Impairment

The Credit Union's property and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

r Critical accounting estimates and judgments in accounting policies

Estimates and judgments 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.

Impairment losses on loans and receivables

The Credit Union reviews its loans and receivables to assess impairment on a periodic basis. In determining whether an impairment loss should be recorded in the income and expenditure statement, the Credit Union makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. The evidence may include observable data indicating that there has been adverse payment status of borrowers in a group, or national or local conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

r Critical accounting estimates and judgments in accounting policies (cont'd)

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.

Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) 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 dates of the statement of financial position.

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

The following methods and assumptions have been used:

- i Financial investments classified as fair value through profit or loss 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 are measured at historical cost less impairment, as their face values cannot be reliably determined.
- ii The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets, with the exception of available for sale securities, and the short term elements of all other financial assets and financial liabilities;
- iii The fair value of demand deposits with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- iv The fair value of variable rate financial instruments is assumed to approximate their carrying amounts and;
- v 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. The fair value of financial investments classified as originated debt is determined by reference to current market prices for similar investments.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

4. Financial investments

	2023 \$	2022 \$
Non-current		
Amortised cost		
Proven Wealth	22,792,987	21,151,635
JCCUL - CUETS Settlement Deposit	1,023,614	2,116,588
Money Masters Fund Notes	10,000,000	10,000,000
Money Master preference shares	40,000,000	40,000,000
CUMAX Bond	55,000,000	30,000,000
JMMB preference shares	39,999,000	41,465,630
Bank of Jamaica Bond	20,000,000	20,000,000
Total non-current	188,815,601	164,733,853
Current		
Amortised cost		
Sterling Asset Management	57,077,854	53,759,057
CUMAX Fund	144,965,129	139,452,588
JMMB - Savings	633,239	71,832
NCB Capital Market	-	20,000,000
Proven Wealth	-	16,000,000
Money Master Fund Notes	116,913,600	193,580,709
	319,589,822	422,864,186
Fair value through other comprehensive income		
Shares NUCS Co-operative Insurance Services	500,000	500,000
JCCUL shares unquoted	82,830,156	82,830,156
Shares – Quality Networks Co-operative Limited	1,932,632	1,932,632
Credit Union Fund Management Company	12,258,240	12,258,240
Centralised Strategic Service Limited	75,000	75,000
	97,596,028	97,596,028
Fair value through profit or loss		
Grace Kennedy	740,592	776,027
JMMB	7,189,767	9,139,770
Wisynco	2,843,224	2,336,734
Seprod	7,544,890	6,722,138
Elite Diagnostics	81,799	156,161
Stationery and Office Supplies	2,457,382	2,670,450
Sagikor	11,206,925	13,356,777
Jamaica Broilers	2,288,050	2,077,000
Proven Wealth	48,985,452	45,325,706
Sygnus	1,089,000	1,267,000
VM Wealth	18,575,069	16,594,754
Eppley	81,150	96,653
Kingston Wharves	2,913,191	3,627,462
	105,996,491	104,146,632
Total current	523,182,341	624,606,846
Total	711,997,942	789,340,699

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

5. Loans, after provision for expected credit losses

(a) Movement in loans during the year

	2023 \$	2022 \$
Balance at the beginning of the year	1,450,528,748	1,255,350,225
Add: Disbursement during the year	540,157,359	548,154,034
	1,990,686,107	1,803,504,259
Less: Repayment	(378,206,202)	(352,975,511)
	1,612,479,905	1,450,528,748
Less: Expected credit losses	(7,722,098)	(7,367,580)
	1,604,757,807	1,443,161,168
Less: Current portion	(184,567,962)	(27,515,073)
Total non-current	1,420,189,845	1,415,646,095

(b) Expected credit losses

	2023 \$	2022 \$
Provision for impairment at beginning of year	7,367,580	7,878,424
Increase amounts provided for during the year	1,069,337	1,647,982
Loans written-off that were previously provided for	(714,819)	(2,158,826)
Provision for impairment at end of year	7,722,098	7,367,580

(c) Delinquent loans

During the year, loans totalling \$714,819, which have been delinquent for periods exceeding one (1) year were written off.

The Credit Union is actively pursuing the delinquent members in respect of these loans with an object of collecting the amounts written off.

At December 31, 2023, there were 23 (2022 – 28) delinquent loans totalling \$11,960,428 (2022 – \$10,515,334) aged two months and over. These loans are summarised as follows:

Months Arrears	Number of Members	Delinquent Loans \$	Percentage Provision %	PEARLS Provision \$
2 - 3	3	233,045	10	23,305
3 - 6	4	329,924	30	98,977
6 - 12	1	89,479	60	53,687
Over 12	15	11,307,980	100	11,307,980
	23	11,960,428		11,483,949

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

(d) Loans, net of provision for losses, are aged as follows:

	2023 \$	2022 \$
Within 3 months	45,987,402	3,645,834
From 3 months to 1 year	138,580,560	23,869,239
Over 1 year	1,420,189,845	1,415,646,095
Total	1,604,757,807	1,443,161,168

(e) The maximum exposure to credit risk for loans to members as at year-end by type of loan was:

	2023 \$	2022 \$
Home equity	969,380,707	803,370,203
Motor vehicle	172,601,960	171,769,529
Loans within shares and savings	408,446,597	408,832,188
Unsecured loans	62,050,641	66,556,828
Total	1,612,479,905	1,450,528,748

(f) The credit quality of loans are summarised as follows:

	2023 \$	2022 \$
Neither past due nor impaired	1,600,519,477	1,439,257,056
Impaired loans:		
2 to 3 months	233,045	293,614
3 to 6 months	329,924	337,550
6 to 12 months	89,479	639,550
Over 12 months	11,307,980	10,000,978
Less provision for loan losses	(7,722,098)	(7,367,580)
Total	1,604,757,807	1,443,161,168

(g) Movements on the provision for impairment of loans to members are as follows:

	2023 \$	2022 \$
Balance at January 1	7,367,580	7,878,424
Loans written-off previously provided for	(714,819)	(2,158,826)
Increase in expected credit loss the year	1,069,337	1,647,982
Provision for impairment at end of year-IFRS9	7,722,098	7,367,580

Calculated provision for impairment in accordance with the League
Credit union provisioning rules

11,483,949	10,515,334
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Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

6. Automated teller machines

The carrying amounts are reconciled as follows:

	Automated Teller Machines \$	Total \$
Gross carrying amount		
Balance at December 31, 2022	12,337,677	12,337,677
Balance at December 31, 2023	12,337,677	12,337,677
Depreciation		
Balance at December 31, 2022	(8,996,972)	(8,996,972)
Depreciation	(586,465)	(586,465)
Balance at December 31, 2023	(9,583,437)	(9,583,437)
Carrying amount at December 31, 2023	2,754,240	2,754,240

	Automated Teller Machines \$	Total \$
Gross carrying amount		
Balance at December 31, 2021	12,337,677	12,337,677
Balance at December 31, 2022	12,337,677	12,337,677
Depreciation		
Balance at December 31, 2021	(8,361,634)	(8,361,634)
Depreciation	(635,338)	(635,338)
Balance at December 31, 2022	(8,996,972)	(8,996,972)
Carrying amount at December 31, 2022	3,340,706	3,340,706

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

7. Property, plant and equipment

The carrying amounts for property and equipment for the years included in these financial statements at December 31, 2023 can be analysed as follows:

	Land \$	Leasehold Improvement \$	Office Furniture & Equipment \$	Computer \$	Software \$	Total \$
Gross carrying amount						
Balance at December 31, 2022	33,605,925	10,838,131	16,833,871	19,678,093	27,254,156	108,210,176
Additions	-	-	312,811	3,382,214	1,961,376	5,656,401
Balance at December 31, 2023	33,605,925	10,838,131	17,146,682	23,060,307	29,215,532	113,866,577
Depreciation						
Balance at December 31, 2022	-	(10,571,084)	(13,392,544)	(18,974,108)	(24,329,451)	(67,267,187)
Charge for the year	-	(267,047)	(602,891)	(391,423)	(1,072,109)	(2,286,031)
Balance at December 31, 2023	-	(10,838,131)	(13,947,996)	(19,365,531)	(25,401,560)	(69,553,218)
Carrying amount at December 31, 2023	33,605,925	-	3,198,686	3,694,776	3,813,972	44,313,359

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

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

	Land \$	Leasehold Improvement \$	Office Furniture & Equipment \$	Computer \$	Software \$	Total \$
Gross carrying amount						
Balance at December 31, 2021	33,605,925	10,838,131	15,800,287	19,285,746	26,072,929	105,603,018
Additions	-	-	1,033,584	392,347	1,181,227	2,607,158
Balance at December 31, 2022	33,605,925	10,838,131	16,833,871	19,678,093	27,254,156	108,210,176
Depreciation						
Balance at December 31, 2021	-	(10,403,461)	(12,789,653)	(18,659,964)	(22,105,329)	(63,958,407)
Charge for the year	-	(167,623)	(556,603)	(314,144)	(2,224,122)	(3,308,780)
Balance at December 31, 2022	-	(10,571,084)	(13,392,544)	(18,974,108)	(24,329,451)	(67,267,187)
Carrying amount at December 31, 2022	33,605,925	267,047	3,441,327	703,985	2,924,705	40,942,989

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

8. Retirement benefit asset

The Credit Union participates in a multi-employer pension scheme. The pension scheme is a defined benefit plan and defined contribution plan. The assets of the plan are held independently of the Credit Union's assets in a separate trustee administered fund. Independent actuaries value these schemes every year using the projected unit credit method. The current actuarial valuation is based on the revised IAS 19. However, the prior year figures were not restated as the impact on the amounts previously reported were not considered material.

Asset recognised in the statement of financial position are based on the valuation as at December 31,

	2023 \$	2022 \$
Present value of funded obligation	(98,929,000)	(61,860,000)
Fair value of plan assets	114,941,000	103,949,000
Effect of asset ceiling	-	(32,977,000)
Asset recognised in the statement of financial position	16,012,000	9,112,000

Expense recognised in the revenue and expenditure statement

	2023 \$	2022 \$
Current service cost	1,437,000	2,774,000
Interest cost	8,034,000	6,941,000
Return on plan assets	(8,831,000)	(7,650,000)
Net pension credit included in staff costs	640,000	2,065,000

Changes in the present value of the pension obligation

	2023 \$	2022 \$
Present value of obligation at beginning of year	(61,860,000)	(87,721,000)
Current service cost and contributions	(3,444,000)	(4,744,000)
Interest cost	(8,034,000)	(6,941,000)
Benefits paid	120,000	1,915,000
Actuarial gain	(25,711,000)	35,631,000
Changes in the present value of obligation at end of year	(98,929,000)	(61,860,000)

Changes in the fair value of plan assets

	2023 \$	2022 \$
Fair value of plan assets	103,949,000	102,656,000
Contributions	3,533,000	3,657,000
Return on plan assets	13,118,000	7,650,000
Benefits paid	(120,000)	(1,915,000)
Actuarial loss on plan assets	(5,539,000)	(8,099,000)
Changes in the fair value of plan assets at end of year	114,941,000	103,949,000

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8. Retirement benefit asset (cont'd)

Movements in net asset

	2023	2022
	\$	\$
Opening net asset	9,112,000	14,935,000
Pension income	(640,000)	(2,064,000)
Total re-measurements included in other comprehensive income	6,014,000	(5,446,000)
Employer's contributions	1,526,000	1,687,000
Closing net asset	16,012,000	9,112,000

The major categories of plan assets as a percentage of total plan assets are as follows:

	2023		2022	
	\$	%	\$	%
J\$ debentures	41,712,000	36.29	34,201,000	32.90
Repurchase Agreements	5,830,000	5.07	9,806,000	9.43
US\$ debentures	6,402,000	5.57	7,453,000	7.17
Quoted equities	23,531,000	20.47	23,066,000	22.19
Investment properties	26,284,000	22.87	23,090,000	22.21
J\$ Certificates of Deposit	3,522,000	3.06	-	-
Real estate fund	1,273,000	1.11	1,285,000	1.24
Unit trust	7,149,000	6.22	5,662,000	5.45
Net current assets	(762,000)	(0.66)	(614,000)	(0.59)
	114,941,000	100	103,949,000	100

Principal actuarial assumptions

	2023	2022
	%	%
Discount rate	11.00	13.00
Future salaries increase	8.00	7.50
Pension increases	6.00	5.50

9. Bank and cash balances

	2023	2022
	\$	\$
Cash in hand	31,075,108	41,118,706
Current accounts	36,495,600	24,216,211
Total	67,570,708	65,334,917

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10. Receivables

	2023	2022
	\$	\$
Loan interest receivable	3,429,293	-
Interest receivable	18,707,695	17,011,747
Prepaid expense	1,084,131	1,002,014
Withholding tax	1,559,611	1,559,611
Other receivables	12,407,823	3,701,746
Total	37,188,553	23,275,118

All amounts are short-term and the carrying value is considered as reasonable approximation of fair value.

11. Permanent share capital

	2023	2022
	\$	\$
Balance at beginning of the year	30,424,677	27,847,698
Allocation of shares	3,245,738	2,576,979
Balance at end of year	33,670,415	30,424,677

12. Institutional capital

	2023	2022
	\$	\$
Statutory reserve as at January 1	343,857,583	333,497,041
Add 30% of net income	5,784,883	4,252,842
Additional amount transferred to statutory reserve	1,500,000	6,000,000
Add: Entrance Fees	112,500	107,700
	351,254,966	343,857,583
Business combination reserve	34,475,734	34,475,734
Total	385,730,700	378,333,317

Under the Co-operative Societies Act at least 20% of the net surplus for the year must be transferred to the Statutory Reserve. The members passed a resolution which increased the amount transferred to 30%. This reserve is not available for distribution.

13. Non-Institutional capital

	2023	2022
	\$	\$
Retirement benefit asset reserve (Note i)	16,012,000	9,112,000
General reserve (Note ii)	35,937,398	35,937,398
Revaluation reserve (Note iii)	23,366,072	23,366,072
Share transfer fund (Note iv)	1,040,043	1,040,043
Development reserve (v)	8,385,860	8,385,861
Investment revaluation reserve (vi)	77,274,408	77,274,407
Total	162,015,781	155,115,781

- (i) This reserve was created to match the value of the Retirement Benefit Asset of the Credit Union. Movement in this reserve passes through the undistributed surplus.

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13. Non-Institutional capital (cont'd)

- (ii) This reserve was excess fund set aside for any eventuality.
- (iii) This reserve was created to record the changes in fair value of land.
- (iv) This reserve was set aside for the purpose of purchasing permanent shares from resigning and deceased members' beneficiaries.
- (v) This reserve was set aside to aid the renovation of the property at 10 Garelli Avenue.
- (vi) This reserve represents the unrealised surplus of market value versus cost of equity investment.

14. Members' shares

	2023 \$	2022 \$
Balance at beginning of year	1,484,399,156	1,394,056,858
Add: Amount subscribed and dividends	496,876,283	479,859,842
	1,981,275,439	1,873,916,700
Less: Withdrawals and transfer	(411,841,267)	(389,517,544)
Balance at end of year	1,569,434,172	1,484,399,156

15. External credit

	2023 \$	2022 \$
Interest bearing:		
(i) Carib Cement	13,373,132	13,271,057
(ii) Rubis Energy	5,267,334	5,226,397
(iii) IGL	3,514,425	3,487,429
(iv) Airport Authority of Jamaica	6,898,520	6,926,393
Total	29,053,411	28,911,276
Non-interest bearing:		
(i) Airport Authority of Jamaica	2,413,058	2,413,058
(ii) Air Jamaica Holding Limited	2,467,433	2,467,433
Total	4,880,491	4,880,491

- (i) These represent deposits made by corporate entities to facilitate loans made to their employees who are members of the credit union.

16. Savings deposits

	2023 \$	2022 \$
Other deposits	56,690,753	48,743,432
Regular deposits	56,234,547	72,130,237
Members fixed deposits	77,512,042	75,419,326
Total	190,437,342	196,292,995

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17. Accounts payables

	2023	2022
	\$	\$
Employee benefit payable	251,000	251,000
Audit and accounting fee	2,339,878	1,384,537
Education and outreach	68,062	288,283
Trade payable	3,664,401	2,798,288
Accrued interest	316,003	403,265
Withholding tax	480,509	147,001
LS & LP payable	262,071	-
Compliance fund	17,231	10,406
Other payable	20,286,923	19,092,967
Total	27,686,078	24,375,747

18. Operating expenses

	2023	2022
	\$	\$
Staff costs		
Employees salaries and allowances	54,156,407	53,932,291
Employee benefits	2,595,924	2,883,169
Employee welfare and training	583,946	291,422
Employee travel and related expenses	923,121	1,397,947
	58,259,398	58,504,829
Administrative		
Office rental	8,405,901	8,103,297
Audit fees	3,628,078	3,067,200
Depreciation	2,872,496	3,944,117
Legal fees and professional fees	731,000	508,000
Administrative expenses and subscription	6,974,952	8,909,653
Utilities	2,509,089	3,301,934
Telecommunication	4,411,772	4,347,826
Insurance premiums	5,006,370	4,637,782
Printing, stationery and supplies	1,801,726	1,656,152
Repairs and maintenance	185,650	699,244
Total administrative expenses	36,527,034	39,175,205
Representation and affiliation		
League fees and other fees	4,684,059	4,728,902
Education outreach	25,000	-
Stabilization dues	2,100,865	1,980,918
Board and committee meetings	3,126,966	2,855,887
League AGM	2,260,212	1,900,863
Total representation and affiliation expenses	12,197,102	11,466,570
Marketing and promotion		
Promotion and advertising	30,406	-
Total marketing and promotion expenses	30,406	-
Total operating expenses	107,013,940	109,146,603

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19. Leases

Lease payment not recognised as a liability.

The Credit Union leases its offices. Lease agreement expired prior to December 31, 2023 and the new operator of the Norman Manley Airport has not issued a new lease. The Credit Union continues to operate under the old lease. The Credit Union is therefore unable to recognise the lease liabilities.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2023	2022
	\$	\$
Lease of 2 offices	8,405,901	8,103,297
Total	8,405,901	8,103,297

20. Volunteers' balances

At December 31, 2023, 6 (2022 - 7) members of the Society's Board of Directors and 10 (2022 - 10) Committee Members had savings and deposits of \$50,597,684 (2022 - \$16,480,129) and loans including interest totalling \$41,118,045.78 (2022 - \$38,186,784).

Loans including interest due from members of staff totalled \$43,154,839 (2022 - \$88,458,101). During the year no Director or Committee Member received loans which necessitated waiver of the loan policy. At December 31, 2023, all loans owing by Directors, committee members and staff were being paid in accordance with loan agreements.

21. Comparison of ledger balances

	Shares	Deposits	Loan
	\$	\$	\$
General ledgers	1,569,434,172	190,437,342	1,612,479,905
Personal ledgers	1,569,434,172	190,437,342	1,612,479,905
Ledger difference	-	-	-

22. Employee benefits

	2023	2022
	\$	\$
Salaries and allowances	54,156,407	53,932,291
Other personnel cost	3,519,045	4,281,116
Staff training and welfare	583,946	291,422
Total	58,259,398	58,504,829

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23. Summary of financial assets and liabilities by category

The carrying amount of the Credit Union's financial assets and liabilities recognised at the date of the reporting periods under review may also be categorised as follows:

	2023 \$	2022 \$
Financial assets at amortised cost		
Financial investments	483,171,995	560,898,281
	483,171,995	560,898,281
Fair value through profit or loss		
Quoted shares	105,996,491	104,146,632
Fair value through other comprehensive income		
Unquoted shares	122,829,456	124,295,766
Financial assets at amortised cost		
Members' loans	1,604,757,807	1,443,161,168
Accounts receivables	37,188,553	22,275,118
Cash and cash equivalents	67,570,708	65,334,917
	1,709,517,068	1,531,771,203
Total financial assets	2,421,515,066	2,321,173,302
Liabilities		
Financial liabilities measured at amortised cost		
Members shares	1,569,434,172	1,484,399,156
Savings deposits	190,437,342	196,292,995
Trade and other payables	27,686,078	24,375,747
External credit	29,053,411	28,911,276
Total financial liabilities	1,816,611,003	1,733,979,174

24. Risk management policies

The Credit Union's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risk. Taking risk is core to the financial services industry, and operational risk is an inevitable consequence of being in business. The Credit Union's aim is therefore to achieve an appropriate balance between risk and returns and minimise potential adverse effects on the Credit Union's financial performance. The Credit Union's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the adherence to limits by means of reliable and up-to-date information systems. The Credit Union regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Credit Union's risk management policies and strategies and is committed to complying with all the regulations and legislation under which the Credit Union operates. In addition, an effective compliance programme is an important element of its risk management system.

The Board has established certain committees and units for managing and monitoring risks. Additionally, the Credit and Supervisory Committees are elected by the membership. Details of the Credit Union's risk monitoring are as follows:

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24. Risk management policies (cont'd)

(i) Risk Committee

The committee is geared towards creating an improved and effective risk management framework and a strong risk culture within the organisation. They are responsible for ensuring that the Credit Union's risk appetite is developed to conform with its policies and levels of authority. Also, they assess the adequacy of the systems of risk management, internal controls and regulations compliance.

This is an area of the operation that the Board continues to aggressively monitor, to ensure that the Credit Union is not overly exposed to any of the associated risks, and if so, the mechanisms that are in place to mitigate against such risks.

(ii) The Asset and Liability Committee

The Finance and Planning Committee is responsible for managing the Credit Union's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Credit Union. The Finance and Planning Committee is responsible for monitoring and formulating investment portfolios and investment strategies for the Credit Union. They are also responsible for establishing appropriate trading limits and reviewing reports on compliance controls to ensure that its mandate is properly followed.

(iii) Credit Committee

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

(iv) Supervisory Committee

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors through the Supervisory Committee.

In addition, the League has established a Risk Management Unit for credit unions in Jamaica and the Credit Union participates in this risk management initiative. They conduct seminars, draft policies and assist credit unions in identifying and managing risks.

The Credit Union is exposed to credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

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24. Risk management policies (cont'd)

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.

i Currency risk and Sensitivity

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 Credit Union is not exposed to currency risk as the Credit Union does not have any transaction balances that is denominated in currencies other than the Jamaican Dollar (J\$).

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. The Credit Union's cash and cash equivalents are subject to interest rate risk. However, the Credit Union attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

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 Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the Asset and Liability Committee and the Finance and Planning Committee.

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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.

2023						
	Average Interest rate %	Within three months \$	Three to Twelve months \$	One to five years \$	Non-Rate sensitive \$	Total \$
Financial investments	6.50	523,182,341	-	188,815,601	-	711,997,942
Loan	10.00	45,987,402	138,580,560	1,420,189,845	-	1,604,757,807
Account receivables	-	-	-	-	37,188,553	37,188,553
Bank balances	-	-	-	-	67,570,708	67,570,708
Total assets		569,169,743	138,580,560	1,609,005,446	104,759,261	2,421,515,010
Savings deposits	1.00	113,018,017	77,419,325	-	-	190,437,342
Non-interest-bearing liabilities	-	-	-	-	27,686,078	27,686,078
Interest bearing liabilities	-	-	-	29,053,411	4,880,491	33,933,902
Members shares	-	-	-	-	1,569,434,172	1,569,434,172
Total liabilities		113,018,017	77,419,325	29,053,411	1,602,000,741	1,821,491,494

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24. Risk management policies (cont'd)

a Market risk (cont'd)

(ii) Interest rate risk (cont'd)

2022

	Average Interest rate %	Within three months \$	Three to Twelve months \$	One to five years \$	Non-Rate sensitive \$	Total \$
Financial investments	6.50	624,606,846	-	164,733,853	-	789,340,699
Loan	10.00	3,645,834	23,869,239	1,415,930,023	-	1,443,445,096
Account receivables		-	-	-	23,275,118	23,275,118
Bank balances		-	-	-	65,334,917	65,334,917
Total assets		628,252,680	23,869,239	1,580,663,876	88,610,035	2,321,395,830
Savings deposits	1.50	120,873,669	75,419,326	-	-	196,292,995
Non-interest bearing liabilities	-	-	-	-	24,375,747	24,375,747
Interest bearing liabilities	-	-	-	28,911,276	4,880,491	33,791,767
Members shares	-	-	-	-	1,484,399,156	1,484,399,156
Total liabilities		120,873,669	75,419,326	28,911,276	1,513,655,394	1,738,859,665

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24. Risk management policies (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Credit Union's net surplus.

The sensitivity of the surplus is the effect of the assumed changes in interest rates on net surplus based on liquid assets, reverse repurchase agreements, financial investments and members' deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to the changes in each variable, variables had to be analysed on an individual basis. It should be noted that movements in these variables are non-linear.

	Change in Basis points 2023	Effect on Net Surplus 2023 \$	Change in basis points 2022	Effect on Net Surplus 2022 \$
J\$ instruments			J\$ instruments	
+100		49,526	+100	58,256
-50		<u>(24,763)</u>	-50	<u>(29,127)</u>

(iii) Other price risk

The Credit Union is exposed to equity securities price risk because of investments classified at fair value through profit or loss. The investments in quoted equity securities are of other entities that are publicly traded on the Jamaica Stock Exchange.

Sensitivity to changes in price of equity securities

The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as available-for-sale.

The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

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24. Risk management policies (cont'd)

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

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

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24. Risk management policies (cont'd)

b Credit risk (cont'd)

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.

The expected loss rates are based on the payment profile for customers over the past three years before December 31, 2023 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.

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24. Risk management policies (cont'd)

b Credit risk (cont'd)

On the above basis the expected credit loss for loan members receivables as at December 31, 2023 and January 1, 2023 was determined as follows:

Expected credit loss summarise by stage

Loan stage	December 31, 2023		
	Total loan balance \$	Expected credit loss \$	Expected credit loss rate %
Stage 1	1,601,410,550	2,605,429	0.16
Stage 2	3,186,090	12,886	0.40
Stage 3	7,883,265	5,103,783	64.74
Total	1,612,479,905	7,722,098	

Expected credit loss summarise by stage

Loan stage	December 31, 2022		
	Total loan balance \$	Expected credit loss \$	Expected credit loss rate %
Stage 1	1,036,574,312	3,458,820	0.334
Stage 2	406,416,449	6,134	0.002
Stage 3	7,537,987	3,902,626	52.00
Total	1,450,528,748	7,367,580	

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.

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.

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24. Risk management policies (cont'd)

b Credit risk (cont'd)

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

	2023	
	Loans \$	Impairment provision \$
Loans to members	1,612,479,905	7,722,098

	2022	
	Loans \$	Impairment provision \$
Loans to members	1,450,528,748	7,367,580

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

	2023 \$	2022 \$
Provision for impairment at beginning of year	7,367,580	7,878,424
Increase in amounts provided for during the year	1,069,337	1,647,982
Loans written-off previously provided for	(714,819)	(2,158,826)
Provision for impairment at end of year	7,722,098	7,367,580

(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 2023, there were no renegotiated loans.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

24. Risk management policies (cont'd)

b Credit risk (cont'd)

(iii) Loans

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

	2023 \$	2022 \$
Real estate residential	969,380,707	803,370,203
Transport purchase	172,601,960	171,769,529
Line of credit	62,050,641	65,556,828
Personal and others	408,446,597	408,832,188
	1,612,479,905	1,450,528,748
Less: Allowances for loan losses	(7,722,098)	(7,367,580)
Total	1,604,757,807	1,443,161,168

(iv) Repossessed collateral

The Credit Union obtained assets by taking possession of collaterals held as security. The forced sale value of these assets were as follows:

	2023 \$	2022 \$
Motor vehicle	1,060,000	1,060,000
Total	1,060,000	1,060,000

These assets were to cover outstanding debts including interest as detailed below:

	2023 \$	2022 \$
Motor vehicle	-	1,347,705
Total	-	1,347,705

Repossessed collateral is sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. In general, the Credit Union does not occupy repossessed property for business use. There is transfer of title to the Credit Union and it is therefore recognised as an asset held for sale.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

24. Risk management policies (cont'd)

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 Finance and Planning 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. One of the most important of these is to maintain code one rating liquidity ratio according to the PEARLS-M standard.

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.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

24. Risk management policies (cont'd)

c Liquidity risk (cont'd)

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

	2023				
	Within Three Months \$	Three to Twelve Months \$	One to Five Years \$	No Specific Maturity \$	Total \$
Interest bearing liabilities					
Member shares	-	-	-	1,569,434,172	1,569,434,172
Savings deposits	113,018,017	77,419,325	-	-	190,437,342
External credit	-	-	29,053,411	4,880,491	33,933,902
Non-interest bearing liabilities	-	-	-	27,686,078	27,686,078
Total liabilities	113,018,017	77,419,325	29,053,411	1,602,000,741	1,821,491,494

	2022				
	Within Three Months \$	Three to Twelve Months \$	One to Five Years \$	No Specific Maturity \$	Total \$
Interest bearing liabilities					
Member shares	-	-	-	1,484,399,156	1,484,399,156
Savings deposits	120,873,669	75,419,326	-	-	196,292,995
External credit	-	-	28,911,276	4,880,491	33,791,767
Non-interest bearing liabilities	-	-	-	24,375,747	24,375,747
Total liabilities	120,873,669	75,419,326	28,911,276	1,513,655,394	1,738,856,665

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the date of the statement of financial position.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

24. Risk management policies (cont'd)

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.

25. Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: 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).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Palisadoes Co-operative Credit Union Limited

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Year ended December 31, 2023

25. Financial instruments measured at fair value (cont'd)

December 31, 2023

Assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Quoted shares (a)	105,996,491	-	-	105,996,491
Unquoted shares	-	122,829,456	-	122,829,456
Fixed deposits and other deposits (c)	-	-	483,171,995	483,171,995
Total	105,996,491	122,829,456	483,171,995	711,997,942

December 31, 2022

Assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Quoted shares (a)	104,146,632	-	-	104,146,632
Unquoted shares	-	124,295,766	-	124,295,766
Fixed deposits and other deposits (c)	-	-	560,898,281	560,898,281
Total	104,146,632	124,295,766	560,898,281	789,340,699

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

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

(a) Quoted shares

The fair value of quoted shares is measured by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

(b) Unquoted shares

Unquoted equities are measured at historical cost less impairment, as their face values cannot be readily determined.

(c) Fixed deposit and other deposits

These are collateralised by Government of Jamaica Securities. The fair values are measured by reference to determinable payments, using inputs other than quoted prices that are observable for the securities.

Level 3 fair value measurements

The Credit Union's measurement of financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data.

There were no transfers in the reporting period under review.

Palisadoes Co-operative Credit Union Limited

Financial Statements

Year ended December 31, 2023

26. 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 and others
- (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 Policy and Capital Management Plan. 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%.

In determining the Credit Union's capital base, the institutional capital of Petroleum Industry Employees Co-operative Credit Union Limited which merged with Palisadoes Co-operative Credit Union Limited on January 1, 2014 was included. As at the date of the merger, Petroleum Industry Employees Co-operative Credit Union Limited had institutional capital of \$25,753,537 (2022 - \$25,753,537) that comprised the following balances;

	2023	2022
	\$	\$
Statutory reserve	16,429,227	16,429,227
General reserve	9,324,310	9,324,310
Total	25,753,537	25,753,537

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

All League and Bank of Jamaica regulatory capital requirements were met during the years ended December 31, 2023, and 2022.

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

Report of the Credit Committee For year ended 2023 December 31

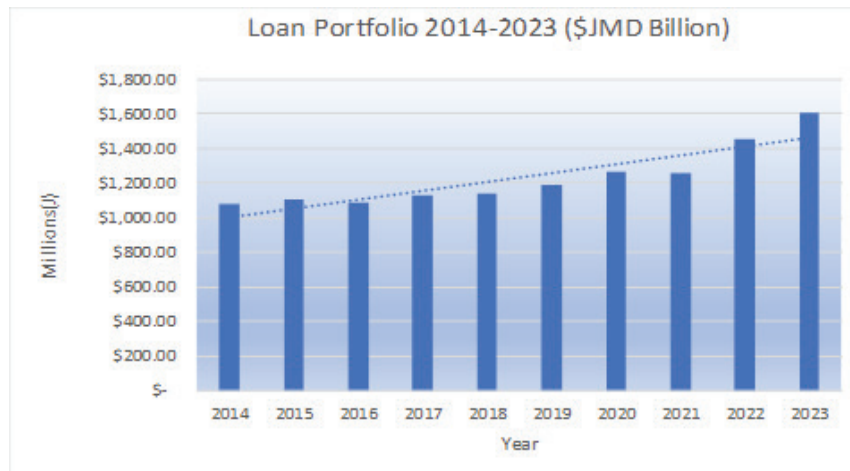
The committee thanks the membership for allowing us the opportunity to serve you through this medium. The year 2023, despite its challenges, was a good one, as the loan portfolio increased, this while maintaining the delinquency ratio well within the standard of <5% of the loan portfolio.

Committee's Mandate

The committee met on 31 occasions to fulfil its mandate which included, but was not limited to:

- ✓ Assessment and taking decisions on loans within the credit policies and procedures.
- ✓ Ratification of loans approved by the in-house Committee and authorised personnel.
- ✓ Scan the external environment and provide feedback to the Board of Directors, as it relates to trends, expectations, and potential impact on the credit union.
- ✓ Assessment of internal credit administration and procedures.

The past 10 years have seen the credit union's net loan portfolio increased from \$1,077.54m in 2014 to \$1,604.76m, a 49% or \$527.22m increase over the period. Please see graphical representation reflecting movements over the years below:

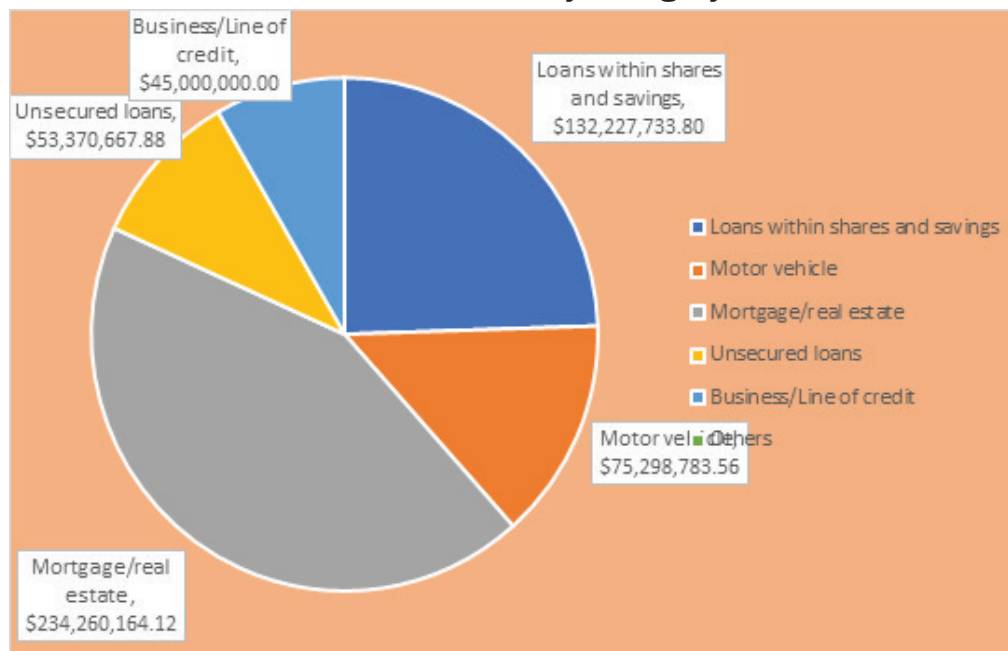


The Credit Portfolio

The loan portfolio grew by \$161.61m or 11.20% moving from **\$1,443.16m to \$1,604.76m** in 2023 despite a reduction in the actual number and value of loans processed. A total of 2,233 loans were processed (2022: 2,752), while the value of these loans amounted to \$540.16m (2022: \$548.15m), a negative variance of \$8.00m or 1.46%. The comparative analysis is detailed hereunder:

COMPARITIVE ANALYSIS OF LOANS DISBURSED BY CATEGORY 2023 VS 2022						
Loan type	Amount	Amount			% Allocation	% Allocation
	2023	2022	Variance	%change	2023	2022
Loans within shares and savings	\$132,227,733.80	\$177,153,469.58	-\$44,925,735.78	(25.36)	24.48	32.32
Motor vehicle	\$75,298,783.56	\$30,014,911.00	\$45,283,872.56	150.87	13.94	5.84
Mortgage/real estate	\$234,260,164.12	\$263,665,596.49	-\$29,405,432.37	(11.15)	43.37	48.10
Unsecured loans	\$53,370,667.88	\$62,687,056.21	-\$9,316,388.33	(14.86)	9.88	11.44
Business/Line of credit	\$45,000,000.00	\$12,000,000.00	\$33,000,000.00	275.00	8.33	2.19
Others	\$0.00	\$2,633,000.83	-\$2,633,000.83	(100.00)	0.00	0.48
Total Loans disbursed	\$540,157,349.36	\$548,154,034.11	-\$7,996,684.75	(1.46)	100	100
Number of Loans	2,233	2,752	(519)	(18.86)		

Loans Disbursed by Category



Analysis of the data above revealed the following:

Loans within Shares and Savings

Loans disbursed in this category amounted to \$132.23m, a decrease of \$44.93m or 25.36% when compared to 2022.

Motor Vehicle Loans

There was a \$45.28m or 150.87% increase in this category as \$75.30m were disbursed for motor vehicle purchase during the year.

Unsecured Loans

This portfolio recorded a decrease of \$9.32m in the value of loans disbursed year-over-year. Unsecured Loans accounted for 9.88% of loans disbursed for the year.

Mortgage and Real Estate

While there was a decrease of \$29.41m in actual disbursements (234.26m) of Mortgage and Real Estate loans, the amount approved increased by \$39.43m to reach \$304.10m. At year-end \$69.84m of approved mortgage loans were at varying stages of the disbursement process.

Business/Line of Credit

Total loans disbursed of \$45m during the year reflected a year-over-year increase of \$33.0m or 275.00%.

Observations

As the credit union continues to recover from the COVID-19 pandemic, the credit committee is pleased with the response from members to the various loan products offered. Of note is the increase in demand for pre-qualification letters and increased requests for information relating to real estate loans. These requests are generally made by members within the 28 to 45 year-old category, an indication that some of our younger members are interested in purchasing homes, a shift from previous years when the emphasis was on motor vehicles.

The credit union, in its effort to reduce the turn-around time for loans have requested meetings of the committee outside of its scheduled weekly meetings, and the committee was very happy to accommodate same to ensure that the members applications were dealt with speedily. The committee stands ready to meet as frequently as required.

Attendance Record

The attendance record of the 5-member committee is detailed as under:

Names	Scheduled Meetings	Attended	Excused
Orrette Staple	29	29	-
Berthlyn Plummer	29	26	3
Carlington Miles	29	21	8
Michelle Mais - Cadenhead	31	35	-
Gay Morgan	29	25	4

* Mrs. Mais-Cadenhead graciously attended unscheduled meetings at the request of the credit union to ensure the presence of a quorum to consider applications.

Acknowledgment

Our sincere appreciation and thanks to you the members for the confidence placed in us, the Board of Directors, Supervisory Committee and the Management and Staff for their support during 2023. We wish the Credit Union continued success as we continue to “Fly to New Horizons”

Co-operatively Yours



**Gay Morgan
Chair**

Report of the Supervisory Committee For year ended 2023 December 31

The Supervisory Committee is pleased to report on the operations of the Palisadoes Co-operative Credit Union Ltd (PCCUL) for the calendar year 2023. The committee comprised the following:

Wayne Rowe	-	Chairman
Zonia Foster-Forbes	-	Secretary
Elaine Walters	-	Member
Donovan Dobson	-	Member
Andrew Thomas	-	Member

The Committee's Mandate

Under the Credit Union's Corporate Governance Framework, the Supervisory Committee's primary responsibility is to independently evaluate the soundness of the Credit Union's financial and operational transactions, ensuring that they are carried out according to its obligations under the relevant laws, regulatory requirements, approved policies, and procedures.

This required the Committee to validate that internal controls are sound, records are accurate, practices and procedures are adhered to, independent reviews are performed, and all regulatory requirements, policies, and procedures are complied with.

To this end, the Committee undertook a structured programme of review of the credit union's activities based on an assessment of associated risks. The objectives of the reviews performed included, but were not limited to:

- ✓ Evaluation of the adequacy of policies, procedures, and internal controls.
- ✓ Evaluation of performance against these said policies, procedures, and internal controls.
- ✓ Verifying that the Credit Union satisfies regulatory requirements.
- ✓ Safeguard the credit union's assets.

Despite challenges faced by the committee during the year, the Committee earnestly performed its duties, supervised the regulatory compliance and operations, financial condition, use of proceeds and internal control, etc. of the Credit Union, with independence and reasonable care, whilst complying with the principle of integrity to protect the interests of the members and by extension, the Credit Union.

The Committee received the full support of management as it implemented in a timely manner, recommended changes to further strengthen the credit union policies and procedures. Requests/queries made to Management by the committee were satisfied in a timely manner, with relevant support and detailed explanations to the satisfaction of the committee. Information regarding the operations, operating systems and procedures were also provided as required.

Major Areas of Focus

These included but were not limited to the following:

- (1) **Bank & ATM Reconciliations:** The reconciliations for all bank accounts and ATMs were done in a timely fashion and found to be in order.
- (2) **Statutory Taxes:** Payroll monthly and annual returns were examined for computational and arithmetical accuracy and compliance with filing deadlines and found to be generally satisfactory and compliant.
- (3) **Member Accounts:** The internal controls surrounding the management of member accounts, specifically as they related to deceased members, and savings and deposits, were reviewed and the findings were satisfactory.

- (4) **Legal and Regulatory Compliance:** The Committee reviewed the Threshold Transaction Reports (TTRs), Suspicious Transaction Reports (STRs), Terrorism Protection Act Reports (TPA) and found to be generally satisfactory and in compliance with filing deadlines.
- (5) **Internal audit reports:** The Committee reviewed the internal audit reports for the period January to November 2023, which included the conduct of risk-based assessments, identifying possible weaknesses in the processes currently utilized in daily operations, and making recommendations to management for strengthening internal controls that will better protect the assets of the Credit Union. The recommendations are being implemented by Management in a timely manner.
- (6) **Other Areas:** The Family Indemnity Plan (FIP), General Consumption Tax (GCT) returns, and Withholding Taxes were reviewed and found to be generally operating by the credit union's established procedures.

The examination and evaluation carried out by the Committee over the period would not necessarily unearth all control weaknesses or errors. However, the Supervisory Committee is of the view that the internal control mechanisms are operating satisfactorily, and the assets of the Credit Union are adequately protected. In our opinion also, that the financial operations of the Credit Union are being maintained in a conscientious, transparent, and professional way, and the Credit Union's funds are being managed as the members would wish and following the letter and spirit of the Rules.

There is no indication at this time that the Credit Union is overly exposed to risks (both internal and external). We believe these positive indicators are a direct result of the Board of Directors' guidance and management's leadership and their ongoing commitment to improving internal controls and strengthening the Credit Union, ensuring its safety and soundness.

Representation

As part of its programme of work, representatives of the Committee attended meetings of the Asset & Liability Management (ALM) Committee, Bank of Jamaica (BOJ) Readiness, Data Protection Act, and Risk & Compliance Committees.

Training

Members of the Committee participated in the mandatory training in the Proceeds of Crime Act (POCA) and Anti-Money Laundering (AML) regulations as well as presentations on the Data Protection Act.

Attendance Record

During the period April – December 2023, five (5) meetings were convened; the attendance record is set out as under:

Members	Attended Meetings	Excused
Wayne Rowe, Chairman	5	0
Zonia Foster-Forbes Secretary	4	1
Elaine Walters	2	0
Donovan Dobson	5	0
Andrew Thomas	3	0

Acknowledgment

The Supervisory Committee extends its gratitude to you, our members, for allowing us to serve you through this medium. To the Board of Directors, Management, and Staff thank you for providing the necessary support, assistance, and cooperation during the year. We are grateful for the opportunity to have served you.



.....
WAYNE ROWE
CHAIRMAN

Report of the Delegates to the 82nd Annual General Meeting of the Jamaica Co-op Credit Union League Ltd

The 82nd Annual General Meeting and Convention of the Jamaica Co-op Credit Union League (JCCUL) which was scheduled to have taken place at the Ocean Coral Spring Hotel in Trelawny during the period June 1-4, 2023. The Annual General Meeting did not take place, as the league's financial statements were not ready.

Dr. Maxine Wilson represented the credit union and participated in several presentations which took place in lieu of the Annual Meeting. The Annual Meeting was subsequently held on 2023 December 9 at Sullivan Hall. The credit union was represented by Delegate Celay Harwood-Gayle. At the time of writing this report, the League indicated that a synopsis of the meeting's events was not yet available.

The delegates will endeavour to get the report when available and present it at the next Annual General Meeting.



Maxine Wilson
Delegate

Synopsis of 2023 Management Report to the 72nd Annual General Meeting

It is with pleasure that I provide you with a synopsis of the credit union's management report for the year 2023. It was a year in which the Team tried as much as possible to ensure that some of the negative impact from the COVID-19 pandemic were reversed.

It was Helen Keller who once said, ***“alone we can do so little; together we can do so much”***. Your Team of Management and Staff worked assiduously throughout the year to ensure that our credit union post results that could afford you reasonable returns on your investments and provide you with financing to ensure that our Mission, that of ***“maximising members’ wealth and enhance their well-being while developing valuable lifelong relationships”*** is accomplished.

The Board of Directors has approved payments on Voluntary Shares and Rebate on Loan Interest paid in 2023 in the amount of \$73.9m, the highest amount to date. We pride ourselves on being one of the very few financial institutions that gives you back (2.5%) a portion of interest paid on your loan over a period.

In addition, the Board proposes payment of 10% dividend on Permanent Shares. We strongly believe in giving back to communities, organisations and individuals in need, and to this end, our Board also proposes that \$1.5m be made available for this cause.

As outlined in the Treasure's Report, your credit union is strong, boasting one of the highest institutional capital in the Jamaican credit union movement; together we can make it even stronger. We invite you to get your families (including your children), your colleagues and friends on board, and take advantage of the suite of products and services being offered.

Credit Union of the Year: Runner-up Award 2022

For the second consecutive year, your credit union received this award for its performance in the medium credit union category, a fitting tribute to the dedication and commitment of the membership in ensuring that we remain safe and sound.

Training

We continue to empower our team members to perform their various functions effectively and efficiently by providing them with the requisite tools. Both external and in-house training was made available during the period. Mandatory training in Proceeds of Crime Act/Anti-Money Laundering, Enterprise Risk Management, Data Protection, and other areas were conducted.

Disaster Recovery Simulation

This annual exercise took place on November 1, and allowed us to identify areas that required improvements and put in place measures to effectively guard against being overly exposed to risks.

Deceased Member- 2023

It is with deep regret that we note the death of the following members who passed during 2023:

Blaine Brown	Clement Garvey
Benive Downes	Boswell Clarke
Hellen Adams-Lawrence	Payge Fogo
Roy Addison	Denise Holding-Palmer

May their souls continue to rest in eternal peace.

Insurance Claim Settlement Record

	2023	2022
Life Savings	\$ 275,239.39	\$ 1,390,165.95
Loan Protection	\$ 43,373.06	\$ 2,347,568.50
Average Claim	\$ 79,653.11	\$ 467,216.80
Total# of Claims	4	8

REACHING FURTHER, DOING MORE

We pride ourselves in being good corporate citizens and are thankful for the opportunity to be of service to others.

Back-to-school Treat

In August our ‘Helping Hands’ were extended beyond the corporate area, as the Team journeyed to the Church of God of Prophecy in Aeolus Valley, St. Thomas for our annual back-to-school treat, where we distributed hundreds of school supplies, groceries, care packages and refreshments to students, the elderly, and other residents of the community.

Golden Agers’ Treat

In December, we made our usual annual visit to the Port Royal community where we shared with our special “golden agers”. As many of them are shut-ins, we visited with them at their homes, providing them with groceries, care packages and refreshments, and spent time with them as they shared songs and past experiences.

All these and the other outreach activities would not have been possible without your kind generosity in approving each year an amount to be set aside for this purpose. The light that radiates from the faces of the children, the elderly, and others as we extend our “hands” constantly remind us of the saying “it is more blessed to give than to receive.”

Scholarship Awards 2023

Congratulations to our SMART-Pac Savings Account Star Performers who excelled and were awarded scholarships during 2023. They are detailed below along with the names of their parents.

Henley Johnson

Ms. Abigail Nelson (Ms. Natesha Edmondson-Nelson – Campden Basic School)

W.A. Roberts

Damecia McLeod (Mrs. Tameca Dewar-McLeod – Caribbean Airlines)
 Joshua Parchment (Ms. Fiona Parchment – Seaview Basic School)
 Casseann Walcott (Mrs. Patrene Davis-Walcott)

Roy Morrison

Saneil Jones (Ms. Sannet Scott – PAC Kingston Airport Ltd)
 Alexia Reid (Ms. Joan Fearon)
 Alana-kay Morgan (Mr. Telroy Morgan - Petrojam)

We pause to remember Blaine Brown, an outstanding SMART-Pac Scholarship Awardee, who passed away in December 2023. Condolences to his family and friends. May his soul rest in eternal peace.

Members' Evening

In July members and guests gathered at the Little Little Theatre as we hosted the play "Jamaica Land We Love". It was a family affair enjoyed by all, as we "meet, greet, and eat" and had a bellyful of laughter as we watched the hilarious play.

Convenience at your "fingertips"

We continue to encourage our members to sign up for our mobile app and/or online access via our website @www.palisadoescreditunion.com as it provides a convenient way of accessing your account "24/7". This significantly reduces the need to call to check on your balances as detailed transaction activities are available. If you have not yet done so, we encourage you to sign up today so we can tell you of the many benefits online services offer.

Acknowledgment

To the Board of Directors, Supervisory and Credit Committees, special thanks on behalf of the Team for your guidance and support. We are grateful to have a cadre of professionals who unselfishly give their time, knowledge, and skills for the greater good of the credit union.

To you our members, special thanks for always being there, your continued confidence and trust in us is demonstrated every single day, even when we do not get it right. Your unfailing support, your constructive criticisms, your accolades are all appreciated. We are forever grateful that you have chosen us to be your financial partner for life, not only in the good times, but also in the "not so good" times.

Robert Frost once said "a bank is a place where they lend you an umbrella in fair weather and ask for it back when it begins to rain". Members, rest assured, we will for ever be **YOUR** umbrella.

We continue to press on!



**Maxine P. Wilson JP DBA MBA LLB(Hons) CORP
GENERAL MANGER**

Proposal for the Fixing of Maximum Liability for year ended 2024 December 31

In keeping with Rule 71 (amended) which now states that “**The Board of Directors may incur a liability in voluntary shares, deposits and/or loans from any source on such terms of payment and security; provided that the total liability shall not exceed a ratio of twenty (20) times the Credit Union’s Capital**”, it is proposed that the maximum liability to 2024 December 31, be set at ten (10) times the Credit Union’s Capital.

For and on behalf of the Board of Directors



Samuel Manning
TREASURER

Proposal for the Appropriation & Distribution of Surplus For year ended 2023 December 31

Our **Internal Capital** (Statutory Reserves, Permanent Shares, Non-institutional Capital, and Undistributed Surplus) which we the members own at 2023 December 31 amounted to \$663.10m (2022: \$635.65m).

Our Assets grossed \$2,484.59m (2022: \$2,374.51m). This means that before distribution of Net Surplus, our **Capital Sufficiency** as at 2023 December 31 was 26.68% (2022: 26.76%).

The undistributed surplus amounted to **\$81.68m** (2022: \$71.77m). After the proposed distribution (appropriation and expenses) below, the **Capital** (excluding non-institutional capital) decreases to \$419.41m or 16.89% (2022: \$410.26m or **17.27%**) of Assets.

In view of the above, your Board proposes the following surplus distribution to 2023 December 31, noting that the proposed transfer to **General Reserve** is setting aside funds for any eventuality.

APPROPRIATIONS	2023	2022
Additional Amount to Statutory Reserve	\$ -	\$ 1,500,000
General Reserves	\$ 1,000,000	\$ -
10% dividend on Permanent Shares	\$ 3,183,000	\$ 2,882,000
Education & Outreach	\$ 1,500,000	\$ 1,200,000
Honoraria	\$ 1,500,000	\$ 1,250,000
Sub Total	<u>\$ 7,183,000</u>	<u>\$ 6,832,000</u>

The Board of Directors has approved the following for distribution to the membership:

<u>EXPENSES</u>		
Dividend	\$70,306,000	\$61,500,000
2.5% rebate on Loan int. paid	\$ 3,600,000	\$ 3,434,000
GRAND TOTAL	<u>\$81,089,000</u>	<u>\$71,766,000</u>

For and on behalf of the Board of Directors



Samuel Manning
TREASURER

Report of the Nominating Committee to the 72nd Annual General Meeting

The Nominating Committee comprises the following:

Mrs. Celay Harwood-Gayle:	Chair
Mrs. Sharon McEachron:	Member
Mrs. Claudine Purboo:	Staff Liaison

The committee wishes to use this medium to thank all the elected officers and all others who served the credit union throughout 2023. We are indeed very grateful to have a core of volunteers that continues to serve selflessly, always ensuring that our members are served.

The Committee engaged in a series of processes/due diligence to identify and then determine the suitability of members it recommends to the AGM for election. In our opinion and to the extent that we were able to do the necessary due diligence, the members proposed to serve are all considered fit and proper. Having determined this, the committee makes the following recommendations for the period 2024-2025:

BOARD OF DIRECTORS

Retiring at this AGM

Charmaine Heslop-DaCosta
Nicola Reid
Sheryll Hamilton
Robert Thelwell

Recommended

Charmaine Heslop-DaCosta
Nicola Reid
Sheryll Hamilton
Robert Thelwell

Term in office

2 years
2 years
2 years
2 years

Serving to AGM 2025

Celay Harwood-Gayle
Samuel Manning
Margareth Antoine

CREDIT COMMITTEE

Retiring at this AGM

Gay Morgan
Berthlyn Plummer
Carlington Miles

Recommended

Gay Morgan
Berthlyn Plummer
Carlington Miles

Term in office

2 years
2 years
2 years

Serving to AGM 2025

Orrette Staple
Michelle Mais-Cadenhead

SUPERVISORY COMMITTEE

Retiring at this AGM

Andrew Thomas
Wayne Rowe
Zonia Foster-Forbes
Elaine Walters
Donnovan Dobson

Recommended

Kevin Price
Wayne Rowe
Zonia Foster-Forbes
Maria Chen
Donnovan Dobson

Term in office

1 year
1 year
1 year
1 year
1 year

Please note that the Board has appointed the following persons as Delegates/Alternate Delegates to the Jamaica Co-operative Credit Union League Group of Companies.

Name

Celay Harwood-Gayle
Maxine Wilson
Margareth Antoine
Robert Thelwell

Position

Delegate
Delegate
Alternate Delegate
Alternate Delegate

The committee wishes to thank the all the members nominated for making themselves available to serve. Special thanks to Ms. Elaine Walters and Mr, Andrew Thomas for their invaluable service to the credit union.

For and on behalf of the Committee



Celay Harwood-Gayle (Mrs.)

CHAIR

Profile of New Nominees

Mrs. Maria Chen FACCA

Mrs. Chen has been a member of the credit union since 1998 and is currently employed to C&WJ Co-op Credit Union Ltd for the past fourteen 14 years. She is presently the Internal Audit Manager; having previously worked with Air Jamaica for four (4) years. Mrs. Chen has combined auditing experience of approximately 25 years. She is the holder of an ACCA designation from the Institute of Chartered Accountants, and AAT certification from the University of Technology Jamaica.

Mr. Kevin Price - MSc BSc

Mr. Price joined the credit union in 1988 and is currently the Managing Director of “Bouncers by K.A.Y.” which he has been operating for the past 19 years. Prior to this, he worked at Salada Foods Jamaica Ltd as the Financial Controller. He is the holder of a Master of Science Degree in Banking and Finance, and a bachelor’s degree in accounting and management. A Certified Accounting Technician and a member of the Association of Accounting Technicians, Mr. Price previously served on the Supervisory Committee for 4 years.

PALISADOES CO-OP CREDIT UNION LTD. LOANS POLICY

1. Loans shall be made for provident or productive purposes only and in accordance with the rules of the credit union.
2. Loans are normally granted on a maximum loan to share ratio determined by the Board of Directors from time to time, after six (6) months of membership, except in the following cases:
 - a) Where the Credit Union is offering Monthly Loans Special
 - b) Where there are open periods for new members to access loans
 - c) Where externally generated funds are used
 - d) Special Loan Product Offering
 - e) Transfer of accounts in good standing from other credit unions
3. Loans shall not be granted for down payment on Hire Purchase transactions.
4. Loans shall not be granted to delinquent members.
5. Members who have saved regularly with the Credit Union shall be eligible for loans as follow:
 - a) Membership up to six (6) months** – within shares and savings. Where applicable (2a-2d above), members may borrow in excess of shares and savings at a special loan rate.
 - b) Membership over six (6) months** – four (4) times shares, except where 2a-2d applies.
 - c) Membership after nine (9) months in the SMART PAC Savings Programme** – four (4) times savings.
6. “Loans above savings” under the SMART PAC Savings Programme shall be for educational purposes only.
7. Fixed Deposits may not be used to qualify for a loan; however, it may be used as collateral.
8. For Premium financing, a deposit to shares representing 20% of premium is required. The Credit Union will finance 100% of the premium, repayable over nine (9) months at a special loan rate.
9. Verification of income, e.g. last three (3) pay slips, are required for all loans above shares and savings in the credit union. The Credit Union reserves the right to request additional information.
10. The maximum repayment period of a loan shall not exceed seven (7) years, except in cases a-g listed below:
 - a. Loan within shares, deposits, and savings in Palisadoes C.U. – 15 years.
 - b. Loans secured by funds held in other approved institutions – 10 years.
 - c. Real Estate purchase (and affiliated costs) (for members primary residence) – Where a member is offering a first (1st) mortgage on property or a pari passu arrangement with NHT or a Building Society, the Credit Union may extend loan for a period not exceeding thirty (30) years.

- d. Other loans for which the Credit Union will hold a first mortgage on property – 15 years.
- e. Home improvement – 15 years
- f. Loans for motor vehicles 0-1 year – 8 years
- g. Loans for motor vehicles 2-3 years – 7 years
- h. Loans for motor vehicles 4-5 years – 5 years
- i. Loans for motor vehicles 6-8 years – 3 years

SECURITY

- a) Co-makers are required to have unencumbered (free) shares which will be hypothecated.
- b) All items offered as security must be fully insured and the Credit Union must be satisfied as to the arrangements in place for future payments of premium.
- c) Motor vehicles may be used as security, provided that the vehicle will continue to get comprehensive insurance until the loan has expired. The percentages used (except where these vary for Loans Specials are outlined below:

New vehicle	-	90%
1 year	-	80%
2 – 3 years	-	75%
4 years	-	70%
5 years	-	60%
6 years	-	55%
7-8 years	-	50%

(The Credit Union reserves the right to request an engineer's or any other report)

- d) For mortgage financing, or where a registered title is offered as security, the security must be a first (1st), pari passu or second (2nd) mortgage on property.

Approval Limits:

Credit Officer:	Loans up to \$500,000 above shares, deposits, and savings.
General Manager	Loans up to \$1,000,000 above shares, deposits, and savings
In-house Loans Committee	Loans up to \$3,500,000 above shares, deposits, and savings
Credit Committee	All loans

**As approved by the Board of Directors
2023 June**

PALISADOES CO-OP CREDIT UNION LTD LIST OF ACCEPTABLE SECURITIES

1. Members' savings and deposits in Credit Union.
2. Hypothecation of savings and deposits in other Credit Unions and other financial institutions deemed acceptable by the Credit Union, where such savings and deposits are transferable during the period of the loan.
3. Unencumbered shares of members of the Credit Union. Hypothecation must be confirmed in writing before disbursements.
4. Motor vehicles not older than seven (7) years. Motor vehicles **MUST** be comprehensively insured on an "open policy" basis.
5. Letter of undertaking from other lending institutions deemed acceptable by the Credit Union, to remit proceeds of an approved loan directly to the Credit Union.
6. First legal mortgage on unencumbered title. A second mortgage may be taken where the first mortgagor agrees to protect the interest of the Credit Union.
7. Assignment of fifty percent (50%) Cash Surrender Value (CSV) of life insurance policies owned by member.
8. Guaranteed deposits.
9. Life insurance over CUNA limit.
10. Assignment of up to seventy (70%) of Receivables payable to the Credit Union upon satisfactory evaluation and acceptance of legally binding charge by the payee.
11. Assignment of up to seventy percent (70%) of Government of Jamaica transferable stocks/bonds.
12. Guarantee from employer, bank or other organization deemed acceptable by the Credit Union, subject to assessment of latest audited Financial Statements and examination of Certificate of Incorporation, and any other documents required by the Credit Union.
13. Assignment of fixed assets and/or stocks upon satisfactory professional assessment deemed suitable by the Credit Union.

**As approved by the Board of Directors
2023 June**

The Prayer of St. Francis of Assisi

Lord, make me an instrument of Your peace;
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
And where there is sadness, joy.

O Divine Master,
Grant that I may not so much seek
To be consoled as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving that we receive,
It is in pardoning that we are pardoned,
And it is in dying that we are born to Eternal
Life.

Amen.



**PALISADOES
CO-OPERATIVE
CREDIT UNION
LIMITED**

'FLYING TO NEW HORIZONS'
