Annual Report 2011

45th Annual General Meeting

COK®

COK SODALITY CO-OPERATIVE CREDIT UNION LTD.

Invest in your future today!

2012 International Year of Co-operatives

PROUDLY CELEBRATING JAMAICA 50

Vision

To be the leader in all markets we serve; by being a member-focused, financially-sound, profitable and technology-driven organisation with a highly competent and motivated team.

Mission

To improve the well-being of our members by providing savings opportunities, affordable credit and other financial products to our members and customers. We will achieve this by delivering superior service, by being innovative and by consistently living the co-operative principles.

Core Values

Trust
Continuous Improvement
Co-operative Philosophy

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Notice

Notice is hereby given that the 45th Annual General Meeting of COK Sodality Co-operative Credit Union Limited will be held on Wednesday May 9, 2012 at the Jamaica Conference Centre, starting at 2:00 pm.
Registration commences at 1:00 pm

Take further notice that at this meeting COK Sodality intends to have resolutions passed to address or amend rules relating to the following:

- *When a Person ceases to be a Member;*
- *Rights and Restrictions attached to Permanent and Deferred Shares;*
- *Conduct of Directors at the first meeting;*
- *Non-attendance at meetings by members of the Supervisory Committee,*
- *The role of the Treasurer and Assistant Treasurer.*

Debbie-Ann Gordon Crawford
Secretary
April 2012

Agenda

1. Ascertainment of Quorum
2. Call to Order & Notice of Annual General Meeting
3. Opening Prayer
4. Obituaries
5. Welcome & Apologies
6. Adoption & Confirmation of Minutes of the 44th Annual General Meeting
   - Matters Arising
   - Referrals
7. Reports
   a. Board of Directors
   b. Treasurer and Auditor
      - Presentation of Budget
   c. Credit Committee
   d. Supervisory Committee
   e. Delegates to the Jamaica Co-operative Credit Union League's (JCCUL) AGM
8. Fixing of Maximum Liability
9. Elections
   a. Appointment of Returning Officer
   b. Nominating Committee's Report
   c. Election of:
      i. Board of Directors
      ii. Credit Committee
      iii. Supervisory Committee
      iv. Delegates to the JCCUL
      v. Delegates to the Jamaica Fishermen's Co-op Union Ltd.
      vi. Delegates to the Jamaica Co-operative Insurance Agency (JCIA)
10. Resolutions
11. Any Other Business
12. Adjournment

CORPORATE PROFILE

THE CITY'S CREDIT UNION

The then City of Kingston Co-operative Credit Union Limited. (COK) was incorporated in October 1967 in response to the need for an inclusive credit union that offered membership to citizens of Kingston and St. Andrew. This was essential as, although there were some 130 credit unions at the time, membership was restricted to specific professions or church groups. The COK concept meant that, for the first time, people could join a credit union once they were residents of the Corporate Area.

The visionaries behind COK's early days along with CUNA Mutual, the Registrar of Co-operatives and the Jamaica Co-operative Credit Union League, each played an important role in nurturing the bourgeoning credit union. COK held its first Annual General Meeting on November 24, 1967 with 13 members with total shares of sixty pounds, which then was equivalent to Jamaican $120.

HISTORIC OCCASION

November 1, 2009 marked a historic occasion as COK, long regarded as the largest credit union in membership in both Jamaica and the English-speaking Caribbean merged with the credit union hailed as the pioneer of the movement as the oldest credit union – Sodality Co-operative Credit Union Limited. As such the new institution is now the COK Sodality Co-operative Credit Union Limited.

MOVING FORWARD

With the merger it should also be noted that among the key benefits afforded to the now COK Sodality is the extension of a bond that for the first time in the history of the movement is both community-based (geographical) and associational (based on affiliation). This means that COK Sodality membership is open to:

- Persons of the universal catholic faith (believing that Jesus Christ is Lord)
- Persons working or living in Kingston & St. Andrew
- Employees of the Society
- Relatives of members who qualify under (a) and (c) above provided that relatives include Mother, Father, Brother, Sister, Son, Daughter, Aunt, Uncle, Husband, Wife, Niece, Nephew and Grandparents; and
- Members of other co-operatives

COK Sodality currently manages over $7.204B in assets on behalf of over 250,000 members through a branch network of 5 locations across the island, 2 in the Kingston Metropolitan Region, Portmore, Mandeville and Montego Bay.

Along with its traditional product offerings of deposits and multiple loan facilities, the Credit Union also offers an Approved Retirement Scheme packaged as the COK Pension Plan, notably the oldest ARS in the island, COK Remittance Services Limited as well as its Cambio operations in existence for over 15 years, the COK Exchange Cambio Services.

Though COK Sodality is led by the member-appointed Board of Directors with newly-elected and first female President Miss Carol Anglin, the daily operations are the purview of the management team led by Chief Executive Officer Jacqueline Mighty, who is adeptly supported by Senior Managers, Courtney Wynter and Desmond Foster.

COK Sodality enjoys memoranda of understanding agreements with several credit unions in the Caribbean region and also in South Florida. These associations, along with its ever expanding online banking system, are geared toward ensuring effective service delivery to its membership whether at home or in the diaspora.

As COK continued to seek opportunities to expand the range of product and service offerings available to members, 2010 marked another banner year in the pursuit of that objective. In August 2010, having sought and received approval from the Registrar of Co-operatives & Friendly Societies, the Credit Union acquired shares in Money Masters Limited. This investment now grants COK Sodality Members greater access to a wider range of wealth creation products.

This opportunity also served to diversify the income stream of the credit union, from a single or main source of revenue to include earnings from project financing among others.

COK Sodality's Flagship Branch (Cross Roads)

MINUTES OF THE ANNUAL GENERAL MEETING

MINUTES OF THE FORTY-FOURTH ANNUAL GENERAL MEETING OF COK SODALITY CO-OPERATIVE CREDIT UNION LIMITED, HELD ON WEDNESDAY, MAY 11, 2011, AT THE JAMAICA CONFERENCE CENTRE, COMMENCING AT 2:20 P.M.

ASCERTAINMENT OF QUORUM AND CALL TO ORDER

Having ascertained that there was a quorum, the President Mr. Joscelyn Jolly called the Forty-Fourth Annual General Meeting to order at 2:20 p.m.

OPENING PRAYER AND OBITUARIES

The prayer of St. Francis of Assisi was said, and then a silent tribute was paid to members who departed since the last meeting.

READING OF NOTICE CONVENING THE MEETING

Dr. Karen Asher-Osbourne, Secretary, read the Notice Convening the Meeting.

The Secretary advised the meeting that there were two resolutions to be passed, to include limiting the terms of President, Secretary and Treasurer to a maximum of five years consecutively and the treatment of loans – Rule 31.

APOLOGIES FOR ABSENCE

Apologies for absence were made on behalf of several specially invited guests and volunteers.

These included:

Mrs. Brenda Cuthbert	- Jamaica Employers Federation
Mr. Maurice Clarke	- Board of Directors Nominee, COK Sodality Co-op Credit Union
Mrs. Joan Garfield	- General Manager, NCB Co-op Credit Union
Mr. Paul Goldson	- Paul Goldson & Co.
Miss Joydene Jarrett	- JPS & Partners Co-op Credit Union
Dr. Heather Lawson-Myers	- Former Volunteer, COK Sodality Co-op Credit Union
Monsignor Michael Lewis	- Member, Board of Directors COK Sodality Co-op Credit Union
Mrs. Arlene Linton	- Chairman, Supervisory Committee
Mrs. Donna Parchment-Brown	- Trustee, COK Retirement Scheme
Mrs. Larene Samuels	- Bank of Jamaica

WELCOME & INTRODUCTION

The President extended a very warm welcome to fellow co-operators and encouraged them to participate fully as it was through this medium that their views could be aired.

He then introduced the other members present on the platform as follows:

Miss Carol Anglin	- Vice President
Mr. Christopher Robinson	- Treasurer
Mr. Al Chambers	- Assistant Treasurer
Dr. Karen Asher Osbourne	- Secretary
Mr. Albert Morris	- Honourary Director, Founding Member
Mrs. Debbie-Ann Gordon Crawford	- Director
Mr. Trevor Blake	- Director
Mrs. Jacqueline Mighty	- Chief Executive Officer (CEO)

WELCOME OF SPECIALLY INVITED GUESTS

Mrs. Jacqueline Mighty extended welcome to everyone, and especially to invited guests.

Those invited included:

Mr. Johnathan Brown	- President, Jamaica Co-operative Credit Union League (JCCUL)
Mrs. Susan Thompson	- Assistant General Manager, JCCUL
Mr. Errol Gallimore	- Registrar of Co-operatives and Friendly Societies
Mr. David Wan	- CUNA Mutual Insurance Society
Mr. Ertis Blake	- President, C&WJ Co-op Credit Union
Mr.. Orville Hill	- President, Churches Co-op Credit Union
Mr. Wilburn Spence	- KPMG (Auditors)

ADOPTION AND CONFIRMATION OF AGM MINUTES MAY 2010

The Minutes having been circulated, a motion that they be taken as read was moved and seconded by Ms. Karen Deer and Ms Vera Daley, respectively.

The following corrections were made:

Minutes

Page 4	Under the heading 'Welcome', line 1, the word 'we come', should be 'welcome'.
Page 7	1st column, under the heading 'Ac knowledgment', line 4, the word 'by' to be inserted after 'served'.
Page 8	2nd column under Treasurer's Report 2nd paragraph, line 5, 'institute' to read 'instituted'
Page 9	1st column, 4th paragraph, last line, 'used' should read 'use'.

REPORTS

Page 1	Table of Contents, third line, '43nd' to read '43rd'
Page 2	Under Notice, 'see resolutions on pages 94 to 95', should read 'see resolutions on pages 98 to 99'.
Page 3	The heading 'Historic Occassion' should read 'Historic Occasion'.
Page 12	1st column under the heading 'Overview' line 5, delete 'it' before 'was'.
Page 14	2nd column, 2nd paragraph, 3rd line insert 'for' between 'provided' and 'in'.
Page 17	2nd paragraph, line 3, insert 'to' before 'speak' and 'us'.
Page 24 – 28	under the heading 'Treasurers Report'

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

	to read 'Treasurer's Report'.
Page 24	2nd column, line 9, change 'into' to 'in'.
Page 26	1st column under the heading 'Provisions' line 8, the word 'a' to read 'at'.
Page 27	1st column, 3rd paragraph, the heading 'The Future' line 1 'organisation' to replace organsation'.
Page 33	under the members of the Nominating Committee, 'Jacqueline Might' should read 'Jacqueline Mighty'.
Page 35	to include 'Nominations for Jamaica Co-operative Insurance Agency Limited (JCIA). Nominees should be Christopher Robinson (Delegate) and Jacqueline Mighty (Alternate Delegate).'
Page 36	the picture caption to read: "Joscelyn Jolly (Delegate)" instead of 'Edward Chin-Mook (Chairman)'.
Page 39	the heading Obituaries, there is duplication of #22 & #23 Everald Deans and #44 & #46, Marcia Jones, and adjust the numbers accordingly; also #38 'Steve Hnry' should be 'Steve Henry'.
Page 44	at the foot of the page, the statement should read: "The following statements on pages 44 to 96 were approved for issue by the Board of Directors on April 20, 2011 and signed on its behalf by:"
Page 82	Section 32(c), line 4, and delete 'the' after 'defending'.

ADOPTION AND CONFIRMATION OF AGM MINUTES MAY 2010

The Motion for adoption and confirmation of the Minutes was moved by Ms. Tian Fraser and seconded by Miss Pauline Daley and was unanimously carried.

MATTERS ARISING FROM THE MINUTES

At this point Mr. Stanford Cocking made the observation that members could not make any meaningful contribution to the Minutes because of late distribution. However, the President explained that although the Minutes were late due to delays with the printers, he expressed the Board's apology to the members and explained that they did all they could to get them circulated as quickly as possible.

He also offered to have a fifteen-minute or half-hour break to facilitate members reading the Minutes, but members felt this was not necessary and they should continue with the agenda.

The President then agreed to a suggestion that if at any time during the meeting a member wished to raise a point from the Minutes he would be given the opportunity to do so.

In response to a query as to which number AGM should be used, whether Sodality's or COK's, the Chairman explained that with the assistance of the Registrar of Co-operatives and Friendly Societies, the matter had been resolved and therefore, the number of COK's Annual General Meeting would be used.

REPORTS

Board of Directors

The Vice President, Ms. Anglin, assumed the Chair to allow the President to present the Report.

The President noted that 2010 was the most challenging year ever experienced by most organisations, locally and globally, as well as most economies, including Jamaica, which continued to face challenges from the recessive global economy.

Of significance, a large number of borrowing members lost their jobs during the year, resulting in a decline in earnings thereby being unable to service their obligations with the organisation. He said that while the JDX programme was a good initiative for the Jamaican economy, it resulted in reduced earnings for the credit union, both in deposit and loans. So while the organisation achieved encouraging growth in all critical areas, except those relating to loans, the positives were offset by a $377 Million write-off and provisions relating to members' loans ranging from 90 days to 360 days.

Safety & Soundness

Notwithstanding the provisions and write-offs, the critical safety and soundness measures remained positive. Several of the short and long term measures which have been implemented to contain delinquency, to grow income, to group capital and profit have already been showing positive results.

Operations & Products

The President thanked members who continue to use the services of the organisation and by so doing assist in the maintenance of high standards which is the aim of the organisation. A table showing the operation of the organisation indicated that there was an increase in most areas of operation with exceptions in the loan portfolio and loan disbursements. Increases were noted in Savings 4%, Investments 13%, Loan Repayments 25% and Membership 3%. However, the Loan portfolio showed a reduction of 18%.

He said further analysis of the numbers revealed that all indices except those relating to the decline in the gross loan portfolio have shown positive results for 2010. The decline in the loans portfolio resulted from:

a. $109 Million write-offs of principal debts,
b. $250 Million which were transferred from the delinquent members' shares account which were then used to reduce their balances on the loans ledger, and
c. Members repaid $400 Million more against their loans than total new loans disbursed during the year.

Loan disbursements were approximately the same as 2009. However, the loan repayments exceeded disbursements and so effectively reduced the active income earning portfolio during the year.

Measures Implemented By the Board

Recognizing the changes taking place over several years, the Board continued on the programme of implementing measures

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

necessary to address some of these problems. Some of these were changes in senior management and restructuring of some management functions for high level of efficiency.

An experienced debt management consultant was employed to assist with the implementation of more effective debt collection methods, strengthen existing loans processing and collection procedures and to train staff for improved efficiency. The Board also appointed a Strategic Planning Committee to consider and recommend strategies and initiatives to expand existing businesses as well as to grow and diversify the organisation's revenue sources.

The President added that arising from the work of the committee, several innovative and non-traditional products and plans were implemented through alliances with other organisations. Notable examples were a COK S.C.H.O.L.A.R Loan to university students, Member First Health product in alliance with Jamaica Med. Funds garnered by Jamaica Med would be managed through Money Masters Limited.

In explaining the reason behind the investment in Money Masters Limited, the President said for some time the Board realized they had to rebalance the earning capacity of the organisation to remove it from total reliance on loan interest and to seek other areas of earnings which would improve the revenue stream of the organisation and its members.

A Cost Management Committee was also appointed to examine the organisation's mode of operation.

The ATM service was also expanded and before the end of the year a COK Sodality Business Directory would be established to give members an opportunity to advertise their products and services on COK Sodality's website at no cost to members.

A major initiative which would be offered to members shortly was the COK Sodality Deferred Shares Offer at an attractive interest rate. The interest on these shares would be tax free but the shares must be held for five years before redemption. This offer was being made to assist in the rebuilding of the organisation's capital base in order to return it to growth and profitability. He promised that more information would be available at a later date.

Prudential Measures

1. Delinquent Loans

The President said that at the end of 2010 it was discovered that there were about 10,000 member loan accounts with principal and interest arrears ranging from 31 to 360 days totalling $370 Million. Included in this amount is $195 Million which was over 360 days in arrears and for which 100% had been provided for in the accounts. This $370 Million had to be treated in the accounts as bad debts and so accounted for the major portion of the $389 Million loss which the organisation sustained.

He said in keeping with the prudential standards for such accounts, the $195 Million was presented to the meeting for approval to treat them as charged-off accounts. He said although they were treated as charged-off accounts, they were not written off; they were merely taken out of the active loans ledger and the collection of these loans were still being pursued, with the result that $4.8 Million was collected from previously charged-off accounts.

The President further pointed out that collateral held against these loans at the end of 2010 was $1.1 Billion and while there was hope for recovery from the sale of these collateral, aggressive measures had to be applied in some circumstances, to dispose of the collateral. So until the cash flows back into the credit union from the sale of these collateral, these loans cease to earn interest income for the organisation.

2. Rebuilding Institutional Capital

The President noted that while the Institutional Capital level was lower than that recommended by the PEARLS standard, it was still positive and so the Directors have already developed a programme of rebuilding from a combination of internal and external sources. Internal rebuilding would come from projected surpluses and growth in members' permanent shares over the next four to five years. External sources would be from the issuance of a $300 Million Deferred Shares investment instrument and in anticipation of supervision of the credit unions by the Bank of Jamaica, the Directors have, as a precautionary measure, secured a $180 Million Standby Guarantee from the Credit Unions' Stabilization Fund to provide capital support should the need arise during the rebuilding period.

Human Resources

While human resources have remained stable over the years, decisions were taken by the Directors to shake up the team at the senior and middle management levels. At the management level, Mrs. Michelle Palmer, Chief Financial Officer demitted office towards the end of 2010 and was replaced by Mr. Courtney Wynter in January 2011. Mr. Wynter was at this stage introduced to the meeting.

At the Committee level, two members of the Credit Committee, Messrs James Wood and Erell Crooks decided not to seek re-election.

At the Board level, two directors, Mrs. Aloun N'dombet Assamba and Mr. Patrick Lawrence, having served for approximately two years, indicated that due to work obligations, they were unable to complete their terms. Mr. Franklin Moodie, having served the Supervisory Committee for three years before joining the Board in 2008 had also decided not to seek re-election at the AGM due to new work commitments.

On the Board's behalf, the President thanked the staff and volunteers for services rendered to the organisation and wished them success in their future endeavours.

Corporate Governance

The President said corporate governance continued to be a high priority for the Board of Directors. This was being done through the approval and implementation of policies and procedures designed to improve the controls and accountability within the organisation.

Throughout the year, various committees of the Board reviewed different aspects of the operation to ensure compliance. This process, the President said, was ongoing and has been the case over time, resolutions were brought to the meeting in order to strengthen the process and at this AGM they have brought some resolutions designed towards that objective.

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

Way Forward

In terms of the way forward, the measures introduced during the past two years, to increase revenue stream and reduce cost, have yielded encouraging operating results. He said he expected 2011 to continue to be a challenging year economically, but they had positioned the organisation for long term growth. He said the tasks ahead were to strategically and operationally preserve the gains made, continue to make good loans, closely and consistently monitor delinquency, pursue merger opportunities and continue to forge alliances for the expansion of services to members in a cost efficient manner.

Acknowledgements

The President placed on record the Board's appreciation to the volunteers, staff, regulators, providers of professional services and all others who had assisted them to survive another challenging year. He also recorded the Board's sincere thanks and appreciation to members for the confidence they have shown in allowing them to serve the organisation.

DISCUSSIONS OF BOARD OF DIRECTORS' REPORT

From the discussions which ensued, the members shared their dissatisfaction with the overall loans policy and services of the organisation. It was felt that the organisation had abandoned its core policy and that the pending new regulations through the Bank of Jamaica (BOJ) was partly to be blamed and more drastic action needed to be taken to finalize the discussions with the BOJ. In light of this, Mr. Michael Burke suggested that a vote be taken to mount a constitutional challenge to BOJ's attempt to stifle the Credit Union Movement and advised that he was prepared to move such a resolution.

The President noted that a process was in place and the credit union was prepared to support whatever steps were being taken, through the right channel, in the interest of the Movement.

The Registrar was then invited to comment on the matter of proposing to move a resolution as it relates to the BOJ's pending regulations. He stated that while he had no problem with the generalization of members' concern with the loans policy and services, he invited them to stick to issues germane to the Board's Report which were under discussion. He also suggested that Mr. Burke bring his resolution under Item 12, Resolutions.

The question of closing hours was also brought to the fore with members lamenting the fact that branches were closed on Saturdays and closed early on Fridays, from 3:00 P.M. The CEO promised to examine the matter and notify the membership of any changes.

The possibility of installation of more ATM machines would also be assessed.

Motion for adoption of the Board's Report was moved by Mr. Clive Reid and seconded by Mr. Michael Martin. The motion was unanimously carried.

TREASURER'S AND AUDITOR'S REPORTS

In presenting the Treasurer's Report, the Treasurer reiterated what the President had said, that 2010 was a challenging year from both the local and global economy and so the organisation was neither insulated nor isolated from any economic fallout as a result.

He said that some of the negatives were severe weather, social unrest within the country, introduction of new fiscal policies resulting in the country returning to the International Monetary Fund (IMF) and the domestic debt exchange which resulted in lowering of interest rates and investment income. Nonetheless, there were some positives like buoyancy in remittances, containment of inflation and a relatively stable dollar.

The Treasurer said in August 2010, having sought and received approval from the Registrar of Co-operatives and Friendly Societies, the organisation acquired shares in Money Masters Limited (MML) and to date this has proved to be a worthwhile investment. He said MML offers repurchase agreements, bonds, stocks, portfolio management, project structuring and financing as well as foreign exchange trading. In addition to acquiring shares, MML has been contracted as COK Sodality's investment portfolio manager.

He observed that the biggest challenge to the organisation, was managing the members' loan portfolio. The organisation ended 2010 with a loss of $389 Million of which bad debt write-off was $109 Million as against $40 Million in 2009 and members' loan provision of $268 Million as compared to $126 Million the year before.

Earnings declined by 22.8% to just over $1.04 Billion while interest expense declined by 34.5%, this as a result of the Jamaica Debt Exchange (JDX) programme. However, operating expense also declined by 5%.

There was a loss of $3 Million in the remittance company but he was optimistic that with improvement in the economy, they hoped to do better in the future.

On the loan portfolio, the Treasurer emphasized that the credit union was in the business of loans and if they were not able to maximize the loan portfolio, they then would not earn enough to cover all expenses. He said disbursement for the period under review was only 83% of the budgeted amount and therefore interest was only 79% of what they had hoped to earn and so there was a decline in the portfolio of 17.5% over 2009. He said however, there were encouraging signs as 2010 disbursements were only approximately one percent (1%) less than the amount loaned in 2009 and this turn around was as a result of a number of initiatives implemented to try to increase the demand for loans.

Challenges with the loans were many and with pending job cuts in the public sector, this was a reality which the credit union had to deal with and would try to assist members to survive and earn an income in other ways. He also noted that repayments were moving at a faster rate than disbursement of loans and so a number of things were put in place to try to address this. This included focusing on certain types of loans, reducing rates on some and expanding offerings on others.

Delinquency, he continued, was the most challenging aspect of the loan portfolio and for 2010 the delinquent portfolio stood at $414

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

Million compared to $380 Million in 2009 and provisions for the year exceeded the budget by over 240%.

Debt Management Plan

The Debt Management Plan was designed to reduce the high level of member delinquency and at the same time restructure the Debt Management Unit. Some of the delinquent loans were referred to external collectors, while the credit union tried a new system to detect and track delinquent members. They also instituted an early monitoring of loan portfolio.

The Credit Department was restructured in 2010 where the Credit Committee continued to review all business loans over $3 Million. A Delinquency Control Committee was set up and they engaged the services of a Debt Management Advisor. Additionally, member education and counselling was implemented to assist members who have lost their jobs and loan requirements have been reviewed in order to improve the quality of the loan assessment and he thanked the Credit Committee for their assistance in this regard.

While investment income fell by 36% in 2010 due primarily to the Jamaica Debt Exchange Programme, the Treasurer said the investment portfolio increased to 110% of its original starting-point and this was because they had more funds to put in investment. He however explained that it was more profitable to lend to members rather than to invest and so he encouraged members to come in and discuss their options with them.

Growth

Performance

Savings grew by almost 4% over 2009 and membership increased by approximately 8,000 members. The Treasurer also reminded members that in 2009 the Rules were amended to allow members to acquire Permanent Shares in the credit union with a contribution of $2,000.00 per member. He said at December 31, 2010 approximately 126,000 or 52% of members were fully compliant and he encouraged the other members to do likewise.

Capital Adequacy

He noted that losses experienced over the last two years resulted from delinquency problems thereby causing a reduction in the credit union's capital base. As a result, the following steps were taken:

a. implementation of a Debt Management Strategy;
b. the securing of a $180 Million Standby Guarantee from the Credit Union's Stabilization Fund which is operated by the League; and
c. the development of a tax-free deferred share offering, effective May 18, 2011 and this is offered to members and co-operatives at an attractive interest rate.

Future

The Treasurer said he believed for the future there was great opportunity in the area of the credit cards, remittances, special projects to diversify the loan portfolio, as well as in improving credit assessment in order to write better quality loans. As such there would be a special focus on delinquent loans to contain loan loss provision.

He also indicated that improvement in customer service and the fixing of some of the infrastructure on which the systems operate, while improving document retention and retrieval, would enhance the entire operational process of the organisation.

The Treasurer indicated that he anticipated some economic challenges to continue into 2011, but based on conservative projections for 2011, the organisation hoped to earn $916 Million in interest income as against $921 Million for 2010. Net Interest Income after Provisions for delinquent loans is projected to be $652 Million. Then there is a projection to earn $163 Million from non-interest income and after taking out other financial costs of $39 Million, the Credit Union is projecting to achieve a net non-interest income of $124 Million as opposed to $68 Million in 2010. Gross operating margin is projected at $776 Million against which operating expenses were projected at $750 Million, leaving a surplus before statutory reserve of approximately $26 Million.

He said up to the end of March 2011, the organisation was showing a positive performance against budget, exceeding expectations by $9.8 Million. He however noted that though there were still some concerns regarding the level of bad debt provisions, he was confident that the measures employed would achieve a significant write back during 2011.

The Treasurer further noted that as of March 2011 the credit union was able to achieve recovery on charged off debt of $16.8 Million and was trying to dispose of collateral, both in motor vehicles and properties.

It was the Treasurer's view that by virtue of the wider and more flexible bond programme of COK Sodality, micro-businesses could benefit greatly and so he encouraged members to come to the credit union and seek assistance as to how they could develop and put their ideas into action with borrowing and a repayment plan.

He said the 2010 Financial Reports were fully compliant with the International Financial Reporting Standards (IFRS) as this was a requirement for all financial houses and organisations.

At this point the Treasurer invited Mr. Wilbert Spence from the auditing firm of KPMG to read the Auditor's Report which indicated that in the opinion of the auditing firm, proper accounting records and financial statements were duly vouched and in accordance with the provision of the Co-operative Societies Act.

In conclusion, the Treasurer reiterated that the credit union was committed to providing financial assistance to its members in a cost effective and efficient manner. He expressed thanks to all those who assisted the credit union during the year. These included management and staff, volunteers, Department of Co-operatives and Friendly Societies, Jamaica Co-operative Credit Union League, auditors KPMG and members who have continued to have confidence in the Credit Union and for giving them the opportunity to serve.

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

QUESTIONS FROM TREASURER'S REPORT

Mr. Neville Rhone inquired about the absence of the Budget from the Report as he felt that its inclusion would have given the membership hope; however, the President explained that since it was not a statutory requirement and only put in for information, it was omitted because of the necessity to reduce the size of the Annual Report and the cost. Furthermore, members pointed out that there was enough space in the Booklet to accommodate the document, and the difference between co-operatives and other companies was the sharing of information, and this was what the Budget did. A request was made that it be included in subsequent Annual Reports. The President accepted the comments and promised to have the Budget included as part of the Annual Report going forward.

The Treasurer added that the document he read from and the figures projected on the screen were done in an effort to give members what was envisaged for the future and members could get the information from the Credit Union's website if they so desired.

Members also expressed the view that they did not see any positive results from the merger with Sodality and the investment in Money Masters. It was explained that the reason for the merger with Sodality was to extend the COK's bond beyond Kingston & St. Andrew and while this was now a reality, enough marketing time was not spent on it as Management was more focussed on dealing with the delinquency situation; but they are in dialogue with the constituents and they were optimistic that the situation would improve over time and more benefits would accrue from both situations. The investment in MML was done in August 2010, one month before the end of their financial year end. The results for MML for the year ended September 2010, only resulted in COK Sodality benefitting from one month's earning of the share of profits, which based on the results, were not material to be included in the financial results for COK Sodality for 2010.

Questioned as to whether the organisation had spent $13 Million to acquire a property, it was explained that this amount was spent to refurbish a leasehold property. It was stated that the leasehold on the Central Plaza property cost $10 Million. The five year lease had three and a half years to go but a formal presentation would be made to the membership if purchase were to be considered.

Questioned as to whether delinquent members could come in and revisit their loans now that interest rates had gone down, the Treasurer said that the organisation was always open to delinquent members coming in to discuss their situation and make arrangements with the Credit Union.

At this point, Mr. Stanford Cocking expressed the view that members should not accept the Treasurer's Report because, what was written in the Annual Report and what the Treasurer presented to the meeting were different and, there was enough space in the booklet to accommodate the budget.

However, on a point of order, Mr. Clive Reid countered that it was Mr. Cocking's prerogative not to accept the report but, he could not impose his will on the rest of the membership.

Motion for the adoption of the reports was moved by Mrs Patricia Walker and seconded by Mr. Erell Crooks. The motion was unanimously carried.

REPORT OF CREDIT COMMITTEE

The Credit Committee's Report which was presented by its Chairman, Mr. Edward Chin-Mook was taken as being read on a motion moved by Mr. Garth O'Sullivan and seconded by Mr. Michael Martin.

The Chairman stated that during the year under review, the Committee considered 97 loans, approved 85 amounting to $310 Million, referred 10 to the Board for consideration and declined 2. As had been mentioned earlier, economic conditions had an impact on the disbursement of loans and he also encouraged members to utilize the loan facility at the credit union as it was mainly through this portfolio that funds were generated to improve members' standing in the credit union. He pledged the Committee's assistance in helping to reduce delinquency.

He thanked two members of the Committee, Messrs James Wood and Erell Crooks who had served the Committee well and were not seeking re-election at this meeting.

In responding to questions from the members, the Chairman refuted the fact that the cost of acquiring a loan was the reason why many members were not coming forward to access the loan products. He felt the economic situation was the main reason and that there were new and varied loans which members could access to improve their businesses and themselves.

Motion for adoption of the Report was moved by Mrs. Margaret Morris and seconded by Mr. Hubert Lashley. The motion was unanimously carried.

REPORT OF THE SUPERVISORY COMMITTEE

The Report of the Supervisory Committee as presented by Ms. Herma Walker, from pages 31 to 32 of the Annual Report, was taken as read on a motion moved by Mr. Garth O'Sullivan and seconded by Mr. James Wood.

Ms. Walker outlined the overall work of the Committee and the various areas they had been working on including acting on suggestions from members by way of the suggestion box and she encouraged them to continue using the box as this would help to guide the Committee in their work.

Ms. Walker also advised that the Committee continues to bring to the attention of the Directors issues that impact the Management's performance and made recommendations for improvement which have been adopted.

Ms. Walker expressed the Committee's thanks to all the other volunteers in the organisation who assisted them during the year.

In response to a question as to why the amounts for unallocated receipts increased in 2010 over 2009, it was explained that it was as a result of the time of the month that salary deductions came in and it took some time to post them to individual accounts, so it would fluctuate according to the inflow, but the balances were always reconciled.

Motion for adoption of the Report was moved by Mr. Erell Crooks

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

and seconded by Mr. Hubert Lashley. The motion was unanimously carried.

REPORT OF DELEGATES TO JCCUL

The Report of the Delegates to JCCUL was presented by Mr. Joscelyn Jolly and was taken as read on a motion moved by Mrs. Paulette Reid-Allen and seconded by Mr. Garth O'Sullivan.

Responding to a member, the President said Ms. Carol Anglin's election to the Board was not because of her being a member of COK Sodality, but rather a member of the general National Movement.

The report was adopted on a motion moved by Mrs. Patricia Walker and seconded by Mr. Harold Stewart.

PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY

In keeping with Rule 70, it was proposed that the Maximum Liability to the 31st of December 2011, be set at $6.1 Billion, being 200% of Voluntary & Permanent Shares and Reserves which were projected to the end of the year at $3.5 Billion.

This was adopted on a motion moved by the Treasurer, Mr. Christopher Robinson and seconded by Ms. Vera Daley. This was carried unanimously.

ELECTIONS

The Elections were presided over by Mr. Errol Gallimore, Registrar, Department of Co-operatives and Friendly Societies as per Rule 65 (iv). Mr. Gallimore asked that the Report of the Nominating Committee be taken as read. This was accepted on a motion moved by Mr. Michael Burke and seconded by Mr. Garth O'Sullivan.

The results of the Elections were as follows:

Board of Directors (For 2 years)

- Miss Carol Anglin
- Mr. Deryke Smith
- Mr. Maurice L. Clarke
- Mrs. Debbie-Ann Gordon Crawford
- Rev. Ralph Parkes

They were unanimously accepted on a motion moved by Mr. Michael Burke and seconded by Ms. Phillipa Edwards.

Credit Committee (For 2 years)

- Mr. Clifton Williams
- Mr. I. Errol Gregory
- Ms. Catherine Gregory
- Mr. Ralston Hyman

They were unanimously accepted on a motion moved by Ms. Monica Cobran and seconded by Mr. Peter Allen.

Supervisory Committee (For 1 year)

- Mrs. Arlene Linton
- Ms. Herma Walker
- Mrs. Jacqueline Daley
- Mr. Arnold Breakenridge
- Mr. Clive Medwynter
- Mrs. Myrna Watts
- Mr. Everett Hyatt
- Ms. Vinnate Hall
- Ms. Phillipa Edwards

They were unanimously accepted on a motion moved by Mr. Erell Crooks and seconded by Mr. Garth O'Sullivan.

Delegates to JCCUL (For 1 year)

- Mrs. Jacqueline Mighty
- Mr. Joscelyn Jolly

Alternate Delegates

- Mr. Christopher Robinson
- Ms. Carol Anglin

Delegates to Jamaica Fishermen's Co-operative Union (For 1 year)

- Mr. Al Chambers
- Mrs. Jacqueline Mighty

Delegates to Jamaica Co-operative Insurance Agency (For 1 year)

- Mr. Christopher Robinson
- Mrs. Jacqueline Mighty

They were unanimously accepted on a motion moved by Mrs. Aloun N'dombet Assamba and seconded by Mr. Donald Blackwood.

At this point, Mr. Gallimore referred to a proposal made earlier in the meeting by Mr. Michael Burke to move a resolution challenging the regulation and for the loan policies to be reviewed by the meeting. He said while he had no problem with them mounting a legal challenge to the regulation, he was uncomfortable with him trying to get the meeting to review the loan policies.

In his opinion, the fixing of loan policies was the prerogative of the Board of Directors and while he understood the reason behind the need to move the resolution, in the light of a number of complaints from the members about the loan policies, he invited Mr. Burke to withdraw the resolution. He was of the view that it would be difficult to try and fix these policies at a meeting like this.

Acting on Mr. Gallimore's advice, Mr. Burke withdrew the second part of the resolution and he moved a motion mandating the Board to look back within 6 months on its loan policies in line with concerns expressed by members, both in terms of interest rate, accessing loans etc. This was seconded by Ms. Dianne Fraser and the motion was duly carried. However, Mr. Stanford Cocking, with the approval of Mr. Gallimore, sought to amend the motion to include fees being charged to the members with a view to making them more reasonable. The amended motion was seconded by Mr. Burke.

At this point Mr. Courtney Wynter, Chief Financial Officer, raised an objection to the language being used, which would suggest that the present fees were *unreasonable*. Mr. Gallimore however felt that if the members were asking to look at it, and make it a little more reasonable in light of current economic circumstances and challenges facing the credit union, then it was a resolution which the Board could look at, so he would ask the Board to look at all the fees and leave it at that.

The President indicated that, while admitting that decisions taken at the AGM were supreme, the Board could not accept a *carte blanche* situation which stated that the policies were unreasonable

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

and ought to be adjusted. What he thought was a more reasonable understanding was that they would be reviewed in light of complaints and comments made by members.

The motion which was initiated by Mr. Burke and put to the meeting by Mr. Gallimore, and which was accepted, with one against, was to mandate the Board that within six months they were to look at the loan policies on pages 37 and 38 of the Annual Report Booklet and review all of the existing fees.

The President expressed thanks to Mr. Gallimore for conducting the Elections.

Resolutions Limiting Terms of Standing Committees and Desk Officers and Amendments to Sections of Rule 31

The resolutions on pages 98 and 99 of the Report booklet, was brought to the meeting by the Board of Directors. It was required that the resolution be passed by a 75% majority of those present and eligible to vote. A motion for the resolutions to be taken as read was moved by Ms. Antonnette Lee and seconded by Mrs. Aloun N'dombet Assamba.

When put to the vote, the resolution was carried; from a total of 225 members present and eligible to vote, 182 voted for, 2 against and 41 abstained.

ANY OTHER BUSINESS

Presentation by the JCCUL

Making the presentation for the Jamaica Co-operative Credit Union League Mrs. Susan Thompson, Assistant General Manager, said she intended to give some background information to the discussions on the Bank of Jamaica (BOJ) regulations, then present a resolution and then ask the members to sign a petition.

She noted that Credit Unions worldwide have grown in size and complexity and were being regulated by financial authorities, but although they were growing they have not abandoned their core principles. She asked members to note also that a number of financial institutions worldwide have failed and so there have been changes, right across the globe, in terms of legislation for financial institutions.

She said for over 11 years the Credit Union League had been in discussions with the BOJ on a draft legislation and these discussions had been extended to both Government, Opposition, Parliament, Cabinet and they were now prepared to bring it to a conclusion.

She said they were not against regulation and while they had agreed on a number of issues, there were five areas of disagreement with the Bank. These areas were listed as follows:

1. **The limit or cap on secured credit.** The draft regulation said 10% of total loans. The Movement's position was that no limit should be placed on unsecured loans as no other financial institution in Jamaica had such a limit.

2. **The minimum capital requirement for the start up of a credit union** should be $5 Million and there was another stipulation of capital to asset of 6% so the credit union would have to have an asset of $9 Million to start.

3. The third issue was the **time for existing credit unions to achieve the minimum regulatory capital requirement.** The initial draft had said two years but it had now been reduced to one year, they wished for it to be two years.

4. **Unclaimed monies**. Other financial institutions were required to turn over unclaimed savings to the Accountant General after 15 years. The credit union was opposed to this.

5. The BOJ indicated that the issue of **cash reserves** did not apply to the credit unions at this time but they have included it in the regulations nonetheless. This would restrict the amount of money to lend to members and increase the cost of loans.

At this point the resolution was read to the meeting and the petition passed around for members to sign.

Mr. Cocking suggested that if the Movement aligned itself to the Private Sector Organisation of Jamaica, (PSOJ) and get other members to be signatories to their cause, then they may get the Government to act more quickly.

Mr. Burke said that while he had already signed the petition, he felt his resolution was different in that it was seeking to take the Bank of Jamaica, and the Government, to court on a constitutional issue.

Mr. O'Sullivan thought it would be a good idea for all credit union members to assemble before the Bank of Jamaica to emphasize their point. However the President felt that they should give support to the strategy put forward by the League and if that fails, then they could go public.

The resolution was then accepted on a motion moved by Mrs. Cynthia Bowman Gray and seconded by Mr. Michael Martin.

COK Sodality, Jamaica Med and Caribbean Assurance Brokers Alliance

Mrs. Jacqueline Mighty updated the meeting on an alliance COK Sodality formed with Jamaica Med and also partnered with Caribbean Assurance Brokers. She explained that the Member First product affords members of COK Sodality to have access to air ambulance services at a monthly cost of $500. She explained how the service worked and advised those interested to contact COK Sodality at any of its Branch Offices or on its website at *www.cokcu.com* or Jamaica Med's website at *www.jamaicamed.com* or Caribbean Assurance Brokers at *www.caribbeanassurancebrokers.com*.

TERMINATION

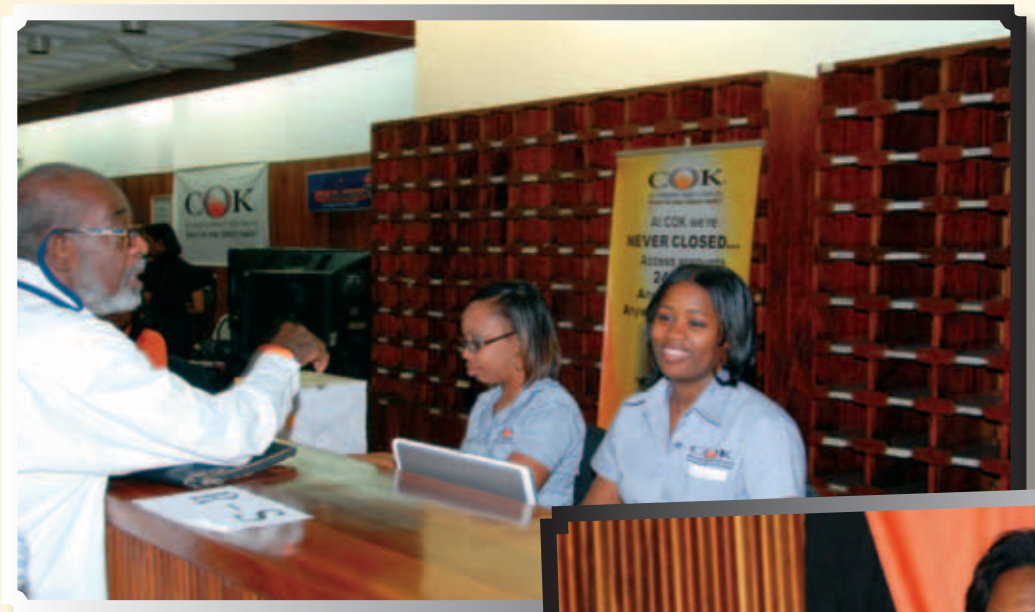
The President thanked members for coming and adjourned the meeting at 7:15 P.M. on a motion moved by Mrs. Jacqueline Daley and seconded by Mrs. Patricia Walker.

MINUTES OF THE ANNUAL GENERAL MEETING (cont'd)

Referral from the Minutes of the 44th Annual General Meeting

Held on May 11, 2011

PAGE NO.	Matter for Update	Response
5	COK Sodality's Member's Business Directory	Following the last AGM work started and a number of members were contacted to participate however due to other demands on the IT System this was delayed. We expect to have this in place by September 2012
6	Saturday Closure of Branches	The Management revisited the matter of closing the Branches on Saturdays as discussed at the AGM but found that the cost to revert to opening the Branches would cause further losses to accrue to the organization. As a result, it was agreed that this option would not be pursued at this time.
7	More ATM Machines being put in strategic places to allow members better access	In carrying out the Strategic Plan for 2012 and taking into consideration the organization's financial performance, starting June 2012 two additional machines will be installed. Over the next two years we plan to install more machines in strategic "high traffic" areas island-wide where we believe our members and others can benefit.
10	Budget as part of the Annual Report	This has been included in the Report for 2012.
11	Unallocated Receipts	This account will always carry a balance until the process to update members' accounts with funds paid via salary deduction is fully automated. This is currently being addressed and we expect to have by the end of September 2012 the larger companies automated. In November 2011 the balance was $8.5 Million, but because $19.9 Million came in on December 30, 2011, and was not applied until January 2, 2012 the balance jumped at December 31, 2011. The Supervisory report, on page 36 further speaks to the work carried out by them through the Audit Department in monitoring the operations of this account.
13	Review of Loan Policies	During the year 2011, the Management reviewed the various loan products offered to members and sought and obtained approval from the Board for reductions in some rates. Adjustments were also made to other features of some loans such as the tenure, loan processing fees and qualifying shares among other features.
14	Review of Fees	This has been addressed in the Board Report, page 15.



COK Sodality Team Members Tanisha Jarrett (L) and Nicole Smith register members at the 44th Annual General Meeting held on May 11, 2011 at the Jamaica Conference Centre.

COK Sodality's CEO Mrs. Jacqueline Mighty welcomes the specially-invited guests at the Credit Union's 44th Annual General Meeting.

An aerial view of the 44th Annual General Meeting on May 11, 2011 at the Jamaica Conference Centre.

COK
COK SODALITY CO-OPERATIVE CREDIT UNION LTD.
Invest in your future today!

THE BOARD OF DIRECTORS' REPORT

OVERVIEW

The Board of Directors of COK Sodality Co-operative Credit Union Limited is pleased to present the following report for the year 2011 to you, our most valued members, and to note that **Our Credit Union ended the year with a surplus**.

The performance by the Credit Union follows a number of challenging years, and one of the most difficult years in the Credit Union's history in 2010 where the financial position was further weakened. We were able to accomplish stability in 2011 through more rigorous governance, strong management, tight control mechanisms, stringent supervision and regulating. These, we believe, have served to assist our Credit Union in our achievements of 2011.

While we had projected declining interest rates for 2011, rates plummeted faster than projected which negatively impacted on investment income, even with a growing portfolio. With respect to loan disbursements, the Credit Union ended the year with a performance of $2.16 Billion or 3% improvement over 2010, which stood at $2.1Billion; a credible performance given the challenging external environment. We continued during the year to be challenged with the issue of provisioning, even as we implemented a number of measures in keeping with the Debt Management Master Plan.

However, your Board and Management continued to intensify implementation of policy initiatives and strategic measures to contain delinquency; to grow the organization's income, capital and profit as well as to place the organisation on a solid financial footing.

Our major challenge has been and, now to a lesser extent, continues to be delinquency.

We have, however, put systems in place including human and material resources, to better manage this process and we have begun to see positive results; namely:

- at December 31, 2010 our delinquency was approximately 11%. For 2011, this was reduced to 6.84%;

- the delinquent portfolio declined by approximately 40% from $392.4 Million in 2010 to $236.2 Million in 2011.

The Credit Union has taken a more robust approach towards our delinquent borrowers to ensure the survival of the organisation. In this vein, we continue to work with all delinquent members to regularize their accounts in accordance with the co-operative principles and sound financial practices.

Specifically, in 2011, several initiatives were implemented to arrest the rapid decline and strengthen the balance sheet.

These included:

- Delinquency Management;
- Deferred Share Offer;
- Collection of outstanding debts,
- Disposal of assets held as security for loans against delinquent or charged–off accounts;
- Loans Growth;
- Investment management; and
- Cost management.

OPERATIONS

Strategic Planning and Development

During the year, COK Sodality continued its corporate campaign emphasising the values and products of the Credit Union as a means to further differentiate who we are in the highly competitive financial sector.

We also conducted an analysis of our product offering to the membership in an effort to carefully examine the relevance of our products in keeping with members' desires and needs; impact on profitability; and product service delivery improvements. To this end, some products were re-vamped, put on hold and new ones brought to market to address the need in the mortgage and micro-financing areas and alliances formed to improve efficiencies and effectiveness in delivery.

We continue to offer to our membership a wide range of products in order to sway our members to use this organisation as their preferred financial institution. Hence, we have set out in Table 1 a summary of some important operating statistics for the year 2011 and provide additional data regarding the performance of our range of products and services in Appendix I.

Carol Anglin (Ms.)
(PRESIDENT)

Monsignor Michael Lewis
(VICE PRESIDENT)

Christopher Robinson (Mr.)
(TREASURER)

Debbie-Ann Gordon-Crawford (Mrs.)
(SECRETARY)

Deryke Smith (Mr.)
(ASST. TREASURER)

THE BOARD OF DIRECTORS' REPORT

Karen Asher-Osbourne (Dr.)
(ASST. SECRETARY)

Joscelyn Jolly (Mr.)
(DIRECTOR)

Al Chambers (Mr.)
(DIRECTOR)

Trevor Blake (Mr.)
(DIRECTOR)

Albert Morris (Mr.)
(HONORARY DIRECTOR)

Table 1 - Operating Statistics

Categories	Balance @ 31/12/2009	Balance @ 1/12/2010	Balance @ 31/12/2011	Change ($) 2011	Change (%) 2011
Savings (Deposits and Voluntary Shares	$6.44B	$6.27B	$6.17B	($100M)	-2%
Investments	$2.26B	$2.56B	$2.77B	$210M	8%
Loan repayments	$2.33B	$2.90B	$2.25B	($650M	-29%
Loans Portfolio	$4.40B	$3.63B	$3.45B	($180M	-5%
Loan Disbursements	$2.12B	$2.10B	$2.15B	$50M	2%
Membership	234,651	242,659	246,489	3,830	2%

Fees

The introduction of user fees in recent years by financial institutions, for a growing number of services, has been a national concern. The explanation given by financial institutions is that the fall in revenue arising from reduced interest rates under the Jamaica Debt Exchange (JDX) Regime, as well as increasing operating costs have created the necessity for the introduction of fees to fund the cost of delivering some services which were free to users prior to JDX.

Arising from the commitment given at our last Annual General Meeting, your Directors have embarked on an exercise designed to maintain a comparable range and quality of services to those offered by other financial institutions but, at a lower and more affordable cost.

Given the reality of the JDX impact, the challenge faced by the organisation is one of designing a system which will simultaneously:

1. reduce and or remove specific user fees to members, and
2. re-balance the revenue flows to achieve our plan to improve service delivery, rebuild the institutional capital base and generate surplus for the payment of a dividend to members.

This innovative system is in its final stages and members will be advised of same in the very near future.

Corporate Social Responsibility

In keeping with our recognition that our Credit Union makes an important contribution to the economic and social well-being of our members' communities, we continued our commitment to corporate social responsibility on national and community levels. During the year we were involved in the surrounding communities where our branches are located, namely Kingston, Portmore, Mandeville, and Montego Bay as we gave support in the areas of education, sports, agriculture, elderly and indigent care.

PRUDENTIAL MEASURES

1. Strengthening Capital Base

In strengthening the capital base of the Credit Union in 2011, the Board of Directors focused primarily on Permanent Shares, the Deferred Shares Offer, and achieving Surplus.

(i) **Permanent Shares:** The growth in Permanent Shares as a means to build the capital base could be achieved through growth in new members, as well as through compliant members increasing the amounts in Permanent Shares and account holders who were not compliant with the minimum $2,000.00 requirement to do so. To this end, a promotional campaign was launched to address account holders compliance; and throughout the year compliance would be aggressively addressed by the Members Service Officers and indeed all Staff of COK Sodality. As at December 2011 we have collected $35.2 Million in Permanent Shares.

The efforts to grow Permanent Shares continue in earnest as we seek to have all members achieve full compliance.

(ii) **Deferred Shares Offer:** The Credit Union in a bid to further strengthen its capital, offered the first of its kind by a credit union, Deferred Shares (COK Wealth Supreme) at no par value to the membership of COK Sodality and other co-operatives. This offer commenced on May 18, 2011 and closed on July 18, 2011. The lead arranger for the offer was Money Masters

BOARD OF DIRECTORS' REPORT (cont'd)

Limited. On July 18th COK Sodality realised 100% subscription of the Deferred Shares Offer and was able to raise the targeted capital of $300M, confirming our good reputation in the market-place.

As indicated at the time we were pursuing the Deferred Share Offer, it was done to:

a. strengthen the capital base of the Credit Union and give the Credit Union five (5) years to overcome the significant capital depletion resulting from the delinquency fallout in 2010; and
b. to enable the Credit Union to continue its business line diversification strategies and expansion into new markets, specifically the home-ownership and micro-finance business lines, thereby building long term sustainable Member value.

To this end, the Credit Union in July 2011 started its Micro Finance Unit and launched its mortgage product in October 2011. We are very pleased with the performance we have seen so far.

The Credit Union has been aggressively implementing strategies to grow our revenues so that we can repay our members who subscribed to our Deferred Shares Offer as quickly as possible.

2. Growing Surplus

Achieving target so that we could return a surplus was aggressively pursued throughout the year. To this end, we held operating costs to a mere 2% increase over 2010 significantly below the inflation figure of 7% for 2011; kept sharp focus on Debt Management by way of the Board and Management; and employed new personnel. All of this resulted in significant recovery of $77 Million from bad debts previously charged or written-off.

3. Delinquent Loans

Delinquency still remains one of the critical issues facing the organization and throughout 2011 this was rigorously handled by the Debt Management Unit with oversight from the Debt Management Committee (DMC) of the Board. This led to an acceleration of the recovery process as the organisation focused on the realization of assets, aggressive collections, and other measures that resulted in the write-back of provisions made on some loans.

The organisation was therefore able to reduce the number of delinquent members' accounts to approximately 2,000 with principal and interest arrears ranging from 90 to 360 days totalling $228.8 Million.

Charged-off Accounts

Included in the $228.8 Million is $91 Million which is over 360 days in arrears and for which 100% of the value has been provided in the accounts. In keeping with the prudential standards for such accounts, the Directors hereby present them for the Meeting's approval to treat them as charged-off loans. Of note, during the year, $72.6 Million was collected from balances which were charged-off in the previous year.

The audited accounts state that the estimated fair value of the collateral held against past-due impaired loans at December 31, 2011 was $174 Million. This being the case, there is scope for recovery of some of these bad debts from the disposal of these collateral. However, until the cash flows back into the Credit Union from the sale of these collateral, these loans cease to earn interest income for the organisation.

We seek our members continued understanding, co-operation and assistance as we take the necessary steps to recover the loans and protect the interest of the wider membership.

Notable Legal Issue

Included in the Receivables is an amount of $38 Million relating to the remaining balance from a Cambio Trading Partner for its default on a transaction. Most of this debt has been collected by proactive out of court action, but the recovery of this balance is being pursued through the courts. It is the opinion of our attorneys that the Credit Union's interest is well-secured and no provision has therefore been made in the accounts for this balance.

4. Distribution

The Credit Union made a surplus of $52.0 Million for the year 2011 and due to the accumulated losses as at December 31, 2011 of $517.73 Million, all of the surplus will be applied to reduce the accumulated losses as per the instructions of the Registrar of the Department of Co-operatives and Friendly Societies (The Registrar). However, based on our plans going forward, we expect to clear the accumulated losses within the next three to four years.

HUMAN RESOURCES

The human resource capital of the Credit Union is comprised of staff and volunteers, as well as other internal and external stakeholders. During the year, the Credit Union continued its programme of the training and development of staff and volunteers through online, internal, personnel and external specialist trainers in our effort to create the best, build capability of the highest quality, with a strong sense of accountability.

Staff

There were 236 persons employed to the organization at the end of December 2011 broken down as follows:

Permanent Staff	145
Contracted/Temporary	87
Heart Trainees	4

Volunteers

After the last Annual General Meeting (AGM) held in May 2011, the following persons were elected as Officers to serve the Credit Union:

President	Ms. Carol E. Anglin
Vice President	Rev. Msgr. Michael Lewis
Treasurer	Mr. Christopher Robinson
Assistant Treasurer	Mr. Deryke Smith
Secretary	Mrs. Debbie-Ann Gordon Crawford
Assistant Secretary	Dr. Karen Asher Osbourne

BOARD OF DIRECTORS' REPORT (cont'd)

The members of the Board are listed in Appendix II as well as the record of their attendance at meetings.

During the year we saw a number of resignations, employment and appointments, namely:

Management

- Mrs. Audio Hoo Wright - Member Relations Manager, Mrs. Gaye Ingram-Williams - Accounting Manager, and Mr. Stephen Wallder - Human Resources & Learning Manager demitted office.
- Mrs. Dianne Bolton joined the organization in June 2011 as Credit Origination Manager.
- Mr. Hugh Campbell joined the organization in September 2011 as the Manager of the Debt Management Unit.
- Mrs. Trisha Thompson-Williams was appointed Accounting Manager.
- Mrs Emma Thomas was appointed Member Relations Manager.
- On January 2, 2012 Miss Paula Atkinson joined as the Human Resources and Learning Manager;

Volunteers

- *Board of Directors*: Mr. Maurice Clarke and Rev. Ralph Parkes who were newly elected to the Board of Directors resigned because of work and other commitments.
- *Credit Committee*: After a long and outstanding period of service, Miss Monica Cobran stepped down due to ill-health and did not serve out her term; while Mr. Edward Chin-Mook, who served as the Chairman of the Committee in 2011-2012 has decided not to seek re-election.

On your behalf we record our thanks to these staff members and volunteers for their service given to the organisation and wish them every success in their future endeavours.

IMPROVING SERVICE TO MEMBERS AND COMMUNICATIONS

Your Board, being aware of the continued concerns expressed by you, our members with regard to service delivery, relationship management and communications, would like to assure you that we are implementing fixes in these areas and that the Board and Management continues to be responsive to members concern.

We therefore continue to look for ways to achieve best quality service delivery and are currently making further changes in the organization – its systems, processes and people – to ensure sustained success and crave your indulgence as we put these measures in place that shall see to the improvements needed.

Your Board is always attempting to deal with improving communications with the membership of the Credit Union, and to this end at our Board retreat it was decided to make better use of our current technology, such as video screens in our transaction halls and electronic communications (e-mail, e-news, text messages) to keep in touch with you, our members. We invite you to visit our website, Facebook page and our branches to keep the flow of information and communication constant.

We are planning for 2012 a series of Members meetings across the island as we share with you and hear from you on how we can serve you better.

WHOLLY-OWNED SUBSIDIARY AND INVESTMENT IN MONEY MASTERS LIMITED

COK Remittance Company (COKRS) is in its third year of existence. The company made a loss in 2011 of $2.6M compared to $3.1 Million in 2010 due primarily to the financial crises that has transformed the world in the past four years. We have however put in place strategies, such as increased marketing and an improved technological platform, to assist its growth and to turnaround the company in another two (2) years.

Our acquisition of 25% ordinary shares in August 2010 in Money Masters Limited (MML) has earned the Credit Union $2.4 Million in 2011, representing the Credit Union's portion of the profits made. This signifies a return of approximately 11% on our investment. Messrs Trevor Blake and Christopher Robinson are the two directors who continue to sit as COK Sodality's representatives on the Board of MML.

CORPORATE GOVERNANCE

Your Board of Directors continued to make corporate governance practices a high priority for the organisation. Throughout the year, various committees of the Board including Audit, Risk & Compliance, Finance & Policy, Debt Management Control, Asset Liability Management, Performance Management & Compensation reviewed different aspects of the Credit Union operations and subsidiary activities to ensure compliance; and where necessary approved and implemented policies and procedures designed to improve the monitoring, controls and accountabilities within the organisation.

Overall, the organisation strengthened its compliance infrastructure and processes, while improving some of its compliance issues. However, we have come up short in member due diligence (Know Your Member) as members continue to demonstrate reluctance in readily updating their information on the Credit Union's files.

We encourage you, our members, to co-operate with us in accomplishing this task quickly while remembering that it (updating information) is not something that we do once and for all. This process is on-going and the Board continues to work with the Management to ensure safety and soundness at all levels within the organisation.

The Board of Directors will continue to;

a. ensure compliance with regulations and regulators through policies,
b steer our Credit Union's team toward far-sighted strategic and financial thinking,
c. engage in succession planning for the next decade and beyond; and
d. hold the practice of accountability high while developing and implementing sound strategies for positive growth.

BOARD OF DIRECTORS' REPORT (cont'd)

Impending BOJ Credit Union Regulations

Since our last meeting, the JCCUL attended a number of Credit Union AGMs where presentations were made and members signed the Resolution. The JCCUL met with the Governor of the Bank of Jamaica and his team to discuss the regulations. In reality their position was no different from before. However, they did indicate that JCCUL should take the issues of concern to the relevant persons in the Government. Contact was made with both the previous and current administrations regarding having a meeting and one is set for April 2012.

THE WAY FORWARD

Overall as a country, we have gone through many challenging times and 2012 will be no different. Our organisation is committed to always search for viable economic solutions and ways of doing business, as well as drive savings and loans. Therefore, in our quest to position the Credit Union towards sustained long-term growth, we have, over the past three years, introduced measures to increase revenue streams and reduce costs. These are already yielding positive results, as through the collective efforts of members, regulators, staff and volunteers we have begun to show positive signs of recovery.

So together let us work to grow the organization in the shortest possible time. We recognize it will not be easy, but your Board believes that together, we can make it happen and so we ask for your 100% support in making and surpassing our targets for 2012 and going forward.

In 2012, as it was in 2011, there will be even greater focus on:

- making members matter through continually improving member service delivery, focus and response;
- addressing financial/revenue increase through growth in members' permanent shares;
- improving internal processes particularly in the areas of Credit, Debt Management and Branch Operations;
- automating systems for improved efficiencies;
- debt collection and provisioning; and
- improved market share by aggressively courting our membership for investments, savings, borrowings and remittances.

In summary therefore, COK Sodality Co-operative Credit Union will continue to aggressively manage its operating costs, deliver more competitive rates to our membership in the provision of our product portfolio, and grow income through higher disbursements, as investment income is still likely to continue to deliver less to our bottom line as rates either plateaux or fall. At the same time, the Credit Union will seek out those opportunities that will present options to diversify its income stream.

However, for continuity and a reminder, as we had set out last year, we repeat the tasks ahead for us as we strategically and operationally:

i. preserve the gains we have made;
ii. continue to make good loans and closely monitor delin quency;
iii. pursue merger opportunities; and
iv. continue to forge alliances for the expansion of services to Members in a cost efficient manner;

while not forgetting those core values of co-operators of Self Help, Self Responsibility, Democracy, Equality, Equity and Solidarity in this great member-owned and operated organization.

ACKNOWLEDGEMENTS

We wish to acknowledge and record our appreciation to our volunteers, staff, liaison officers, providers of professional services and all others who have assisted COK Sodality Co-operative Credit Union in conducting its affairs over the past year.

To you, our valued members, we record sincerest thanks for the confidence that you continue to repose in us as we strive to serve this great organization.

For and on behalf of the Board of Directors,

Carol E. Anglin (Miss)
President

COK Sodality's CEO Jacqueline Mighty and the President of Education for Advancement (EFA) John Evans shake hands in a symbolic gesture of the promotion of the COK SCHOLAR Tertiary Loan programme among EFA students.

COK Sodality, Mandeville Team Member, Allison Gordon, distributes toiletries and soup to a resident of the Mandeville Bus Park during the branch's social outreach initiative in September 2011.

BOARD OF DIRECTORS' REPORT (Appendix 1)

Appendix 1

OUR PRODUCTS & SERVICES

Our savings products include:

1. PARTNER PLAN

PARTNER PLAN	2009	2010	2011	Growth over 2010
Members in plan	2,349	2,463	2,423	-2%
Value	$64.1M	$74.90M	$81.99	9%

This product is very popular with our members and continues to record a steady growth since we started. Members can save for periods of **16 weeks; 24 weeks; 36 weeks and 48 weeks and receive bonuses ranging from a 16 Weeks (1/5 Hand) to 24 Weeks (2/5 Hands) or 36 Weeks (1 Hand) and 48 Weeks (1 1/2 Hands).** The **Partner Plan** is well known for assisting members to fulfil their short term obligations while receiving a bonus on the amount contributed for the consistency in saving

2. WEALTH MAXIMISER

WEALTH MAXIMIZER	2009	2010	2011	Growth over 2010
No. of Members	205	210	185	-12%
Value	$83.9M	$89.3M	$77.8	-13%

With a minimum deposit of **$25,000.00** and an additional saving of up to **$1 Million** per annum, members may participate in a **Wealth Maximizer** account with very competitive interest rates. This product is a long term savings plan with a **tax free** benefit if held up to **5 years**. Members saving through the Wealth Maximizer are able to withdraw semi-annually up to 75% of the interest earned.

As at December 2011, the portfolio closed at **$77.8** Million with **185** members.

3. FIXED DEPOSIT

FIXED DEPOSIT	2009	2010	2011	Growth over 2010
No. of Members	13,894	13,477	12,882	-4%
Value	$2.8B	$2.9B	$2.8B	-3%

Members may start a Fixed Deposit with a minimum of **$10,000.00** for maturity at their convenience (whether 30, 90, 180 or 365 days) at very competitive rates.

4. COK PENSION PLAN

PENSION PLAN	2009	2010	2011	Growth over 2010
No. of Members	1334	2178	3183	46%
Value	$62.1M	$79.9 M	$97.8M	22%

The Retirement Scheme for members of the City of Kingston Co-op Credit Union Limited and Trustees was formally approved by the Financial Services Commission (FSC) on November 26, 2008 under the Pensions Superannuation Funds and Retirement Scheme Act, 2004.

Persons who are self-employed and/or employed in an organisation that does not have a pension plan may join this Scheme. Members may contribute up to 20% of their chargeable income, tax free.

BOARD OF DIRECTORS' REPORT (Appendix 1)

5. GOLDEN HARVEST

GOLDEN HARVEST	2009	2010	2011	Growth over 2010
New Members	1,773	2,024	1,919	-5%
Total Members	3,915	3,528	3,339	-5%
Value	$280.2M	$323.2M	$300.7M	-7%

This product offers an investment and savings plan with a specific goal at an attractive interest rate. Members up to age 69 years may save between 1 - 5 years at a guaranteed interest rate. At COK up to $4 Million of a member's savings is insured through CUNA Mutual at no cost to the member as long as the member fulfils his/her savings obligations as agreed in the contract.

We continue to provide the following **services** to satisfy our members' needs:

1. FAMILY INDEMNITY PLAN (FIP)

FAMILY INDEMNITY PLAN	2009	2010	2011	Growth over 2010
Members	5,217	5,809	6069	4%

The Family Indemnity Plan carries with it an outstanding feature that allows up to six (6) family members to be insured for the same premium and offers five (5) insurance plans for our members to choose from.

2. STANDING ORDER PAYMENTS

STANDING ORDER PAYMENTS	2009	2010	2011	Growth over 2010
Transactions	2270	3,294	5,277	60%
Institutions Paid	62	68	61	-10%

Standing Order Payments are made on behalf of members, and on their instructions, to various institutions. The service offers convenience and a peace-of-mind for periodic payments. The figures shown exclude FIP payments made to CUNA.

3. COK XCHANGE CAMBIO SERVICES

CAMBIO	2009	2010	2011	Growth over 2010
Amount Traded	US$83.7M	US$69.6M	US$57.0M	-18.10%
Earnings	J$13.4M	J$10.3M	J$6.9 M	-33.01%

Foreign exchange services are available to our membership, for their convenience, to purchase or sell foreign currency at competitive rates. The organisation is licensed to operate cambio services in all 5 Branch locations.

4. COK REMITTANCE SERVICES

REMITTANCE (SUB AGENT)	2009	2010	2011	Growth over 2010
No. of Transfers	41,644	41,618	39,832	-4.29%
Value	$820.2M	$819.9M	$682.6M	-16.75%

BOARD OF DIRECTORS' REPORT (Appendix 1)

COK Sodality acts as an agent and sub agent for various remittance services. Members and potential members may collect their money transfer from any of the locations authorized to pay on our behalf. For the year in review, the remittance service showed decline over that of the previous year in both the number of transfers disbursed and the dollar value.

5. COK VISA CREDIT CARD

COK Visa Credit Card	2009	2010	2011	Growth
Cardholders	936	1124	977	-13%
Portfolio Value	$30.3M	$42.7M	$33.1M	-22%
Earnings	$12.7M	$22.4M	$20.6 M	-8%

COK Sodality in partnership with RBC Royal Bank issues a local credit card. Its current interest rate of 39% is among the lowest in the industry. We plan to have an enhanced offering during 2012.

ATTENDANCE AT DIRECTORS MEETING (Appendix 11)

NAME	POSITION	SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS EXCUSED
Ms. Carol Anglin	President	10	10	-
Monsignor Michael Lewis	Vice President	10	9	1
Mrs. Debbie-Ann Gordon Crawford	Secretary	10	7	3
Dr. Karen Asher- Osbourne	Assistant Secretary	10	8	2
Mr. Christopher Robinson	Treasurer	10	9	1
Mr. Deryke Smith	Assistant Treasurer	10	9	1
Mr. Joscelyn Jolly	Director	10	7	3
Mr. Al Chambers	Director	10	9	1
Mr. Trevor Blake	Director	10	9	1
**Mr. Ralph 'Jim' Parkes	Director	10	2	
**Mr. Maurice Clarke	Director	10	2	

** Directors resigned in 2011.

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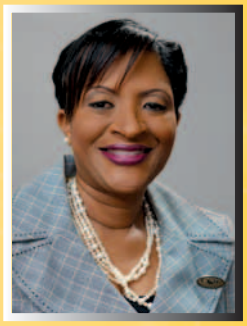
MANAGEMENT TEAM

Jacqueline Mighty
CHIEF EXECUTIVE OFFICER

Courtney Wynter
CHIEF FINANCIAL OFFICER

Desmond Foster
STRATEGIC PLANNING
& DEVELOPMENT MANAGER



Paula Atkinson
HUM. RES. & LEARNING

Shaun Barrett Radcliffe
MGMT. INFO. SYS.

Vevine Cameron
CREDIT

Emma Thomas
MEMBER RELATIONS

Lorraine DaCosta
MARKETING

Anthony Morris
INTERNAL AUDIT

Trisha Thompson Williams
ACCOUNTS

Dianne Bolton
CREDIT ORIGINATION

Juliet Henry
BRANCH OPERATIONS

Marcia Lewis
RISK & COMPLIANCE

Rexona Christie
FACILITIES & PROCUREMENT

Hugh Campbell
DEBT MGMT. UNIT

BRANCH MANAGEMENT TEAM

Tina Livingston
CROSS ROADS

Morris Livingston
HALF WAY TREE

Oral Sewell
PORTMORE

Roger Shippey
MONTEGO BAY

Stanford Hastings
MANDEVILLE

COK SODALITY'S PERFORMANCE HIGHLIGHTS
2007-2011

ASSETS	2007	2008	2009	2010	2011
LOANS (NET OF PROV)	4,576,443	4,427,153	4,250,126	3,473,362	3,379,998
INVESTMENTS	1,276,237	1,886,096	2,256,675	2,557,267	2,771,560
FIXED ASSETS	249,766	272,904	278,329	290,385	271,644
OTHER	552,440	753,874	907,677	624,828	784,519
TOTAL ASSETS	6,654,886	7,340,027	7,692,807	6,945,842	7,207,721
SAVINGS					
SHARES	2,411,627	2,591,683	2,558,805	2,235,721	2,171,081
SAVINGS DEPOSITS	2,833,503	3,424,430	3,885,821	4,035,933	3,999,850
TOTAL SAVINGS FUND	5,245,130	6,016,113	6,444,626	6,271,654	6,170,931
PROFITABILITY					
SURPLUS/LOSS	80,925	-18,336	-39,080	-389,285	52,408

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TREASURER'S REPORT

OVERVIEW

Following the global financial crisis of 2008, full recovery in the local and global economy has been slow in coming. Responses on the local level saw the Government of Jamaica entering into a Stand-By Agreement valued at US $1.27 Billion with the International Monetary Fund (IMF) along with other multi-lateral organisations to effect economic reform.

The Stand-By Agreement was stalled as a result of delays in effecting the necessary tax, public sector, debt and pension reforms. With the installment of the new administration, it is being highly suggested that, these are key areas that will have to be addressed.

As we are all aware, the former government successfully completed a domestic debt exchange programme on a quasi-voluntary basis. While this has not significantly impacted the upward trend of our investments portfolio, it has presented a reinvestment risk to the portfolio which was exacerbated by the sale of various fixed rated bonds resulting in net gains to the Credit Union in excess of $52 Million.

Spin-off effects of JDX Program for 2011 are being characterized by:

- **Declining interest rates:** Interest rates on the benchmark Six-Month Treasury Bill tumbled from 7.46% in January 2011, to a current rate of 6.46% at the end of December 2011.
- **Reduced inflation**: Inflation year over year dating from 2008 has recorded declines from 16.80% to 11.70% in 2010. As at November 30, 2011, calendar year-to-date inflation stood at 5.60%. Bank of Jamaica projections for inflation for the 2010/2011 financial year range between 7.5% to 8.0%.
- **Stability in the USD:JMD exchange rate**: The Jamaican Dollar has demonstrated some resilience to the United States Dollar over the past year, showing fluctuations between JMD$85.87:USD$1.00 and JMD$86.60:USD$1.00.
- **Sustained level of NIR**: While Net International Reserves have been declining month-over-month since the buildup of USD$2.6 Billion in April 2011, there is still some 20 weeks of reserves for goods and services imports held by the country.

The afore-mentioned macro-economic conditions have contributed to increased unemployment, resulting in less disposable income. Given the continued impact to our members, the Credit Union continues to be challenged by loan defaults and lower levels of savings. Additionally, the general election created an atmosphere of uncertainty regarding the future of the country, specifically the IMF agreement and by extension added to investor scepticism and low confidence. These conditions have also significantly impacted bond trading in the secondary markets during the latter part of 2011. Also, while our members have benefitted from lower interest rates, the post JDX era has resulted in a significant reduction in interest-income yield on loans, as well as, lower investment income, when compared to previous years.

Finally, to address the capital adequacy issues of 2010, the Credit Union, having received approval from the Registrar of Co-operatives and Friendly Societies, offered to the membership a $300 Million Deferred Share instrument which was oversubscribed. This was necessary to strengthen the capital structure of the Credit Union and to enable the launch of its Micro-business and Mortgage products.

The response from the membership, other credit unions and potential members to this offer was extremely encouraging and not only ensured the overwhelming success of the program, but also sent a clear message of confidence in the viability of our Credit Union. As a result of the success of the Deferred Share program, the Credit Union was able to improve its capital adequacy ratio from 3.11% in 2010 to 8.14% in 2011, which is 0.14% over the required minimum regulatory metric of 8%.

1. Performance

Despite the challenges in the macro-economy and the increase in the industry's delinquency levels, the financial performance for 2011 resulted in a net surplus of approximately $52 Million compared to a loss of $389 Million in 2010 and four consecutive years of losses. This turnaround is attributed primarily to the net realized gains from the trading of government bonds, the debt recovery efforts resulting in collections of over $77 Million and a reduction in the year-over-year provision levels from the impact of the Debt Management Plan implemented in 2010/2011.

The credit union, in its drive to better manage the portfolio of delinquent loans, has developed and implemented a Debt Management Plan, with several initiatives and activities designed to reduce the loan delinquency levels currently being experienced. We have seen improvement in this area, but there is still much work to be done to reverse the negative trends of prior years, particularly as we seek to dispose of several of the collaterals that we have seized in order to liquidate outstanding debts. Importantly, we have also been working with many of our members to consolidate and re-structure their debts in an effort to make the repayments more affordable and so keep their accounts current. Also, the Credit Union continues to review and put into place measures to improve efficiencies and controls throughout the organisation.

Additionally, the Credit Union experienced a total asset growth of 3.8% over 2010 primarily due to the influx of cash from the Deferred Share programme. As a result of the Deferred Share programme, the Credit Union capital adequacy improved significantly from 3.11% in 2010, to above the minimum regulatory limit of 8%, to 8.14% at the end of 2011. It is also worth noting that due to expense containment efforts, our operating expenses increased by only 2.11% compared to the BOJ inflation projection of 7.5% to 8.0%.

TREASURER'S REPORT

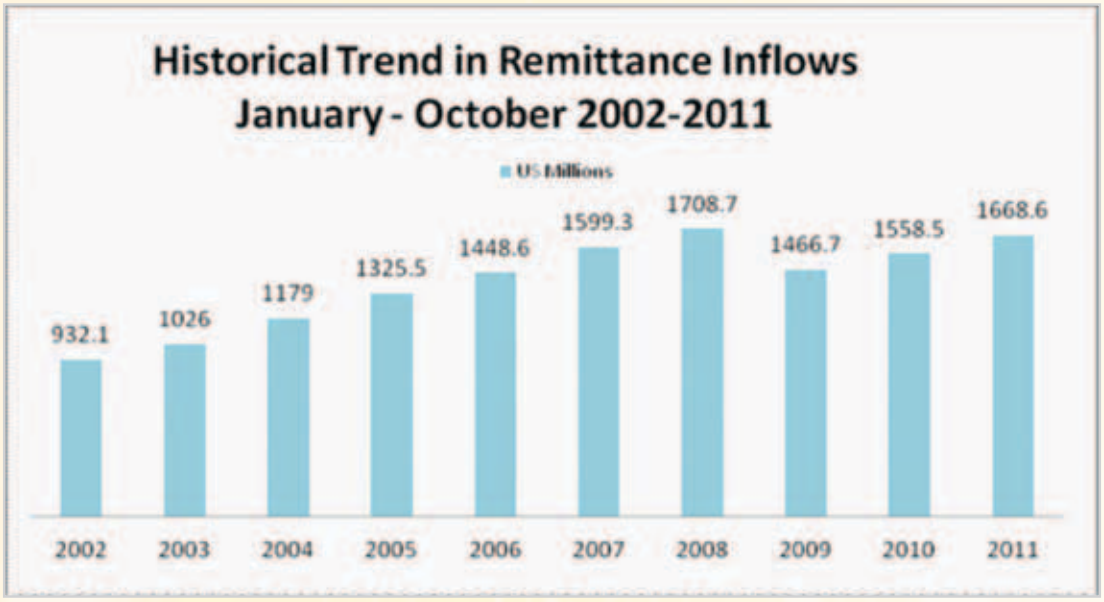
2. Debt Management Plan

As at the end of December 2011 we were able to achieve our lowest delinquency rate in recent years ending the year at 6.84%. Additionally, the impact of the Debt Management plan resulted in the Credit Union recovering over $77 Million of bad debt. As an organization we battled with Provisions in 2011 and towards the end of the year was able to "tame the beast" somewhat by targeting delinquent accounts with principal balances in excess of $2 Million.

We will continue to monitor these accounts during 2012 while seeking to improve the asset recovery process as it relates to acting in a more timely manner. The entire process surrounding issuing formal/demand notices, to include realizing on assets, is being tightened in order to achieve the targets set. This includes better management of our Attorneys, Bailiffs and External Collectors who themselves play a critical role in the collections process. We recognize that as a financial institution whose primary business is lending, bad debt provisions are part of our business, nevertheless we will ensure that our processes are in line with best practice and that efficiency is engrained in our way of life.

3. Remittance

COK Remittance Company is in its third year of operations and for the year they reported a loss of approximately $2.6 Million compared to a $3.1 Million loss in 2010. The global economic recession continued to have an impact on the performance of the company, however, there was an improvement in income during the year attributable to the gradual appreciation of the USD. Reports from the Bank of Jamaica indicated that, although marginally better than 2010, remittance inflows were still below the pre-crisis (2008) trend. Improvement in remittance inflows in 2012 is being forecasted, as there are improving macro-economic conditions in the originating economies of remittances, especially in the United States.



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TREASURER'S REPORT (cont'd)

The table below summarizes the results of the credit union's operations for 2011 as compared to 2010.

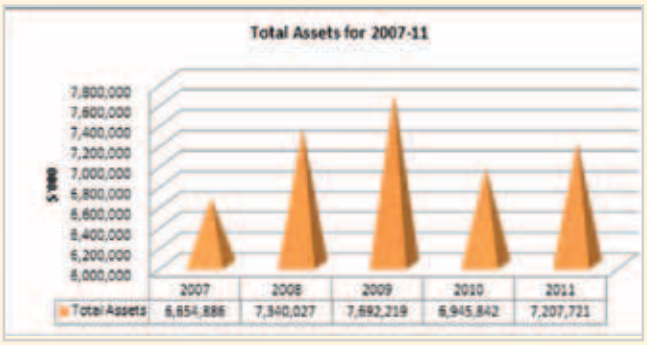
ANALYSIS OF CHANGE IN INCOME & EXPENDITURE 2010 VS. 2009

	2011 $'000	2010 $'000	Change $'000	Change %
Interest Income:				
Loan to Members	637,054	678,455	(41,041)	-6.1%
Investments & Deposits	204,817	242,732	(37,915)	-15.6%
Total Interest Income	**841,871**	**921,181**	**(79,316)**	**-8.6%**
Interest expense:				
Member Deposits	191,387	264,994	-73,606	-27.8%
External Credits	37,295	19,907	15,388	77.3%
Other Financial Costs	21,726	26,770	-5044	-18.8%
Total interest expense	**248,408**	**311,671**	**-63,263**	**-20.3%**
Net interest income	**593,462**	**609,516**	**-16,053**	**-2.6%**
Non-interest income:				
Fees	61,088	44,254	16,834	38.0%
Dividends on equity Investments	1,309	4,424	-3,115	-70.4%
Other Income	234,724	76,021	150,703	208.8%
Total non-interest income	**297,121**	**124,699**	172,422	**138.3%**
Gross margin before provisions & expenses	**890,584**	**734,215**	156,369	**21.3%**
Less Operating Expenses - before one time exceptional costs	-769,079	-753,183	-15,896	2.1%
Surplus for the year before provisions and exceptional items	121,505	-18,968	140,473	-740.6%
Provisions:				
Allowance for loan losses	-56,063	-97,398	41,362	-42.5%
Allowances for interest losses	-20,491	-165,148	144,657	-87.6%
Allowances for losses on other assets	732	-5,330	6,062	-113.7%
Total Provision	**-75,795**	**-267,876**	**192,081**	**-71.7%**
Surplus/(Loss) for the year before exceptional items	**45,710**	**-286,844**	**332,554**	**-115.9%**
Add share of profit of Associate	2,454			
Less: One time exceptional Costs - Bad debts written off		-108, 637	108,637	-170.0%
Unrealised gains / (Loss) on financial assets	**4,244**	**6,196**	**-1,952**	**371.0%**
Net Income / (Loss) for the year	**52,408**	**-389,285**	**441,693**	**-113.5%**

TREASURER'S REPORT (cont'd)

Growth

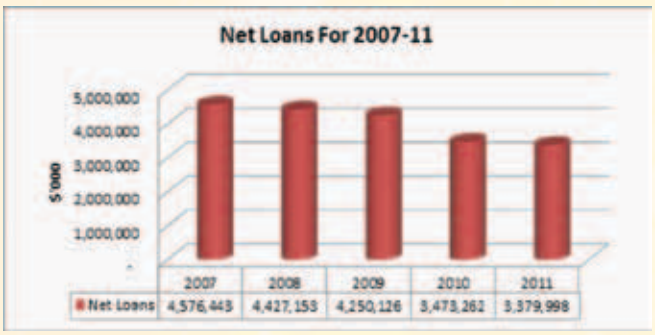
The Credit Union experienced growth in several key areas in 2011. The balance sheet (total assets) grew by 3.8% as a result of the Deferred Share programme, as well as, growth in the investment portfolio which were offset by a decline in the loan portfolio. Also, there was exponential growth in the trading gains and growth in fees.

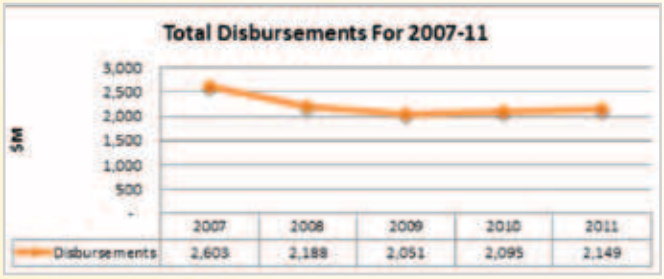


Loans

Gross loans decreased significantly over the year by $177 Million to $3.454 Billion, primarily due to the fairly large write off of $145 Million implemented in 2011, coupled with the level of repayments. Disbursements for 2011 were $2.16 Billion or $50 Million more than the previous year and to the levels of 2008. Due to competitive and declining interest rates pressures, the Credit union had to reduce its rates and therefore its yield. Additionally, more streamlined credit assessment and policies have resulted in the Credit Union obtaining only 89% of its target, as the Credit Union ensures better quality loans.

The Credit Union has experienced a gradual decline in the net loans since 2007. This is attributed to loan repayments being made at a higher rate than disbursements, early liquidation, delinquent loans, and lower demand for loans as members' disposable incomes are reduced as a result of the economic challenges.

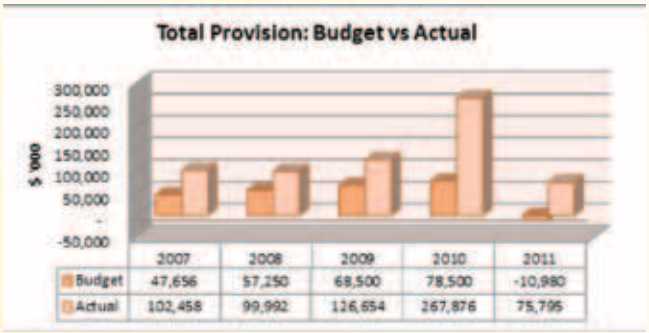




Provisions

Notwithstanding the obvious challenges being faced in the economy, the Credit Union ended the year on a relatively good note with provision of $75.8 Million being the lowest level in 5 years. Although this was significantly higher than planned, we believe it's a significant improvement attributable to the debt management focus employed during the year. Similarly, the Credit Union was able to attain a 6.84% delinquency level, the best rate achieved since 2007.

While our eyes are set on ultimately achieving a target of 5% delinquency or less, we are aware that this will not be achieved overnight. However with consistency and focus from the entire Debt Management Team, and increased sensitivity of the COK Sodality family towards delinquency, we intend to gradually reduce our position to approximately 6.0% by December 2012. We are hopeful that given our new initiatives in 2012, and beyond, we will be able to arrest the monthly provisioning which has been impacting greatly on the company's bottom line.



Investments

As at December 2011, the investment portfolio of $2.8 Billion increased by a net $214 Million over 2010, primarily due to cash from the Deferred Share program as, well as, investment of additional funds made available due to lower-than-planned disbursements. The portfolio was below budget, however, due to faster-than-expected decline in interest rates resulting in less interest capitalization. The steeper decline in rates also contributed to lower-than-planned interest income. However, the Credit Union was able to successfully complete a couple of structured financing projects which offset the impact of lower interest income.

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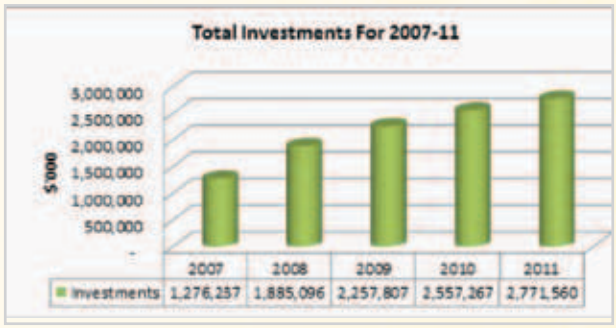
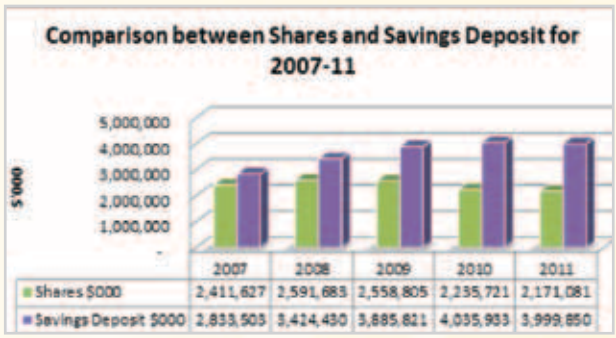
TREASURER'S REPORT (cont'd)

Likewise, the Credit Union realized a net of $52 Million in GOJ bond trading during the year. The investment portfolio grew by approximately 8.4% when compared to 2010 and has been experiencing steady growth since 2007.



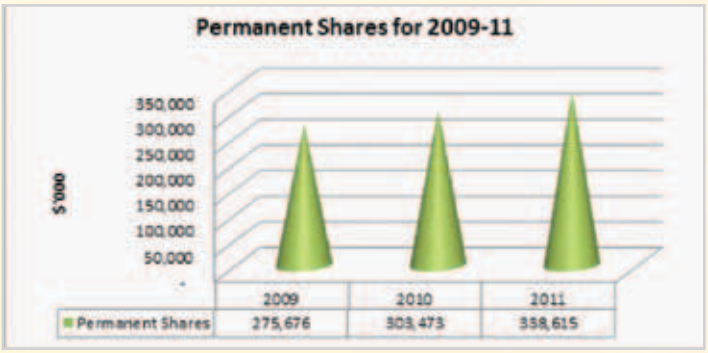
Savings & Deposits

The savings portfolio declined in 2011 to $6.17 Billion compared to $6.27 Billion in 2010 or 1.61%, primarily due to some members converting their Fixed Deposit to the Deferred Share program, as well as, slightly heavier withdrawals for the back-to-school period in 2011, attributable to the economy. Additionally, declining interest rates on savings had resulted in a decrease over the prior year in our interest expenses on members' deposits by 25.68%, hence slowing the appreciation of savings portfolio. Our members continue to see the credit union as a safe and secure organization evident of the over-subscription of the Deferred Share program.



Membership-Permanent Shares

The Credit Union's membership grew by an estimated 3,800 or 1.6% in 2011 and permanent shares increased by $35 Million or 11.58% when compared to 2010. Similarly membership compliance increased from 52% in 2010 to 55% at the end of 2011. We now have over 137,000 members being fully compliant out of a total membership of 246,489 adult members. We continued in 2011 to encourage our members to come in and become permanent share compliant.



THE WAY FORWARD

The Jamaican economy experienced flat growth for 2011, we saw poor growth records in many areas of the economy with just a few continuing to perform well, including agriculture and tourism. The economy is dependent on alumina, bauxite and tourism and is highly responsive to external economic shocks and natural disasters.

The distraction of a general election in the latter part of the year, coupled with an apparent failed performance of the IMF program as well as unclear fiscal and public policies during 2011 resulted in a deterioration of standard-of-living and employment. This has resulted, somewhat, in lower savings, increased loan defaults and falling incomes leading to weak domestic demand in goods and services.

In 2012, we fully expect a continuation of the same, with some improvement in investor and consumer confidence, assuming a new IMF program can be negotiated and the fragile growth in the United States were to continue. The economic growth will be slow, but the organisation, having addressed the internal weaknesses of the past, has positioned itself for growth, through improved efficiencies, cost management, improved product offerings and improved member service delivery in all areas of operations.

Grow Income

The primary focus of the Credit Union in 2012 is the growth of our loan portfolio and by extension, growth in loan income. We will be introducing several new products in the areas of mortgages, micro-financing as well as small and medium business loans to complete the suite of offerings.

Additionally, the Credit Union will seek to become more competitive on loan rates to drive volumes. This will be accomplished with a streamlined credit assessment process within a restructured Credit Origination department to ensure better quality loans.

Further, the Credit Union will be diligently looking at other investment vehicles and low-risk financing opportunities to boost its investment income.

Delinquency and Bad Debt Recoveries

Despite achieving this reduced level of delinquency we are still striving to achieve our target of 6% for 2012, and we recognize that there is still a lot of work to be done in this regard. Notwithstanding the aforesaid, we are optimistic about keeping our delinquency rate

TREASURER'S REPORT (cont'd)

down as we employ new and varied strategies despite the challenging economic climate.

So in as much as the task seems steep we are not daunted, as given the new thrust in the department, as it relates to performance and consistency, we will reap the rewards.

This is a very critical area to the Credit Union relative to achieving profitability targets. We recognize that there are several neglected charged-off accounts that if given the necessary attention we should be in a position to increase our overall collections. In 2012 we intend to introduce incentives with a view to really making a dent in this area of collections. The target of $95 Million, though aggressive, is achievable with focused and sustained efforts.

Cost Management

COK Sodality will continue to make cost containment a culture within the Credit Union with emphasis on efficiency management. We believe that an efficient COK Sodality will ultimately lead to world-class customer service and service delivery which eventually leads to volume growth. In 2012, partnering with the top 10 major outside companies, we will begin the salary deduction automation initiative. We will also streamline the Credit origination and securities processes, as well as, embark upon ways to improve the branch experience.

These initiatives, we believe, will improve our time to market with products and a faster turnaround for loans, as well as, give our membership an enhanced in-branch experience. This will also involve a visible improvement in ATM and online services. We continue to look at resources and where necessary, ensure that COK Sodality will have the right fit to deliver upon our objectives.

Capital Adequacy

In 2012, the Credit Union will again look to boost its capital adequacy ratio by implementing a permanent share programme, together with an anticipated increase in permanent share attributable to loans growth. This added to the planned contribution from surplus, constitute the capital management plan to achieve $84 Million to $95 Million of capital or 8.51% ratio in 2012.

CONCLUSION & ACKNOWLEDGEMENTS

Despite the various challenges associated with operating in a highly competitive environment, COK Sodality is committed to providing financial assistance to its members in a cost effective and efficient manner. We are a safe repository for savings, and despite the fragile environment, in which we currently operate and the modest surplus of 2011, we remain very positive in our ability to play an important part in fostering financial independence and creating wealth for our members. Our primary mission is to improve our members' well-being and we will continue to provide those opportunities for you, our valued members, to achieve your goals.

I wish to thank the management and staff of the Credit Union for remaining steadfast in their duties to the organisation as it is never easy to operate in a dynamic environment. Thanks also to the cadre of volunteers who unselfishly give of their time and talent, and were very forthcoming with ideas and suggestions about improving the Credit Union.

Special thanks to the Department of Co-operatives & Friendly Societies and The Jamaica Co-operative Credit Union League (JCCUL) for their guidance and support during the year. Finally to our Auditors, KPMG, who conducted and completed their audit in a timely manner thereby enabling us to submit our financial statements within the stipulated timeframe.

Finally, I am grateful to you, the members, for your continued support of the Credit Union and the opportunity to have served in this capacity.

Christopher C. Robinson
Treasurer

PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY TO 31ST DECEMBER 2012

In keeping with Rule 70, it is proposed that Maximum Liability to 31 December, 2012 be set at $9.7 Billion, being 12 times the 2011 total capital, inclusive of Deferred Share of $300 Million, projected at $811 Million.

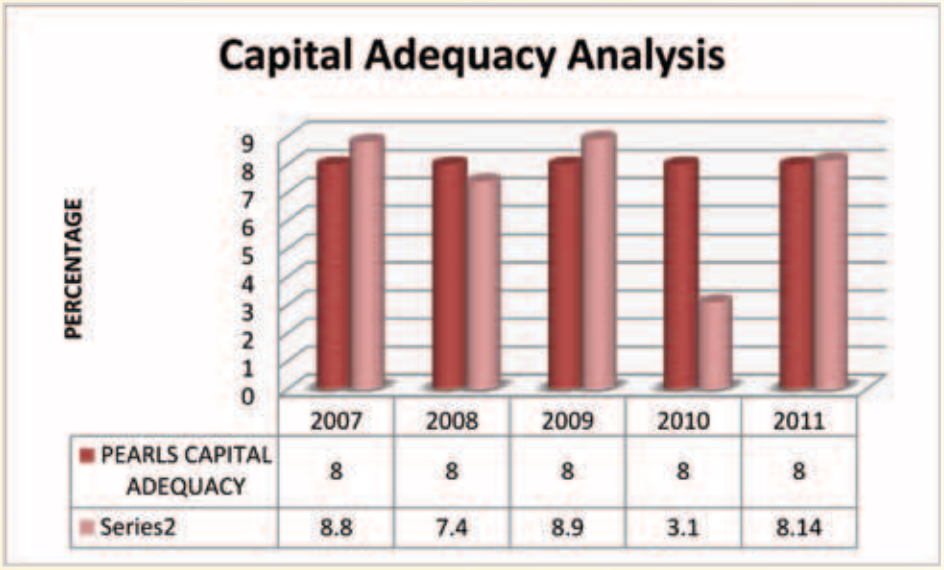
For and behalf of the Board of Directors,

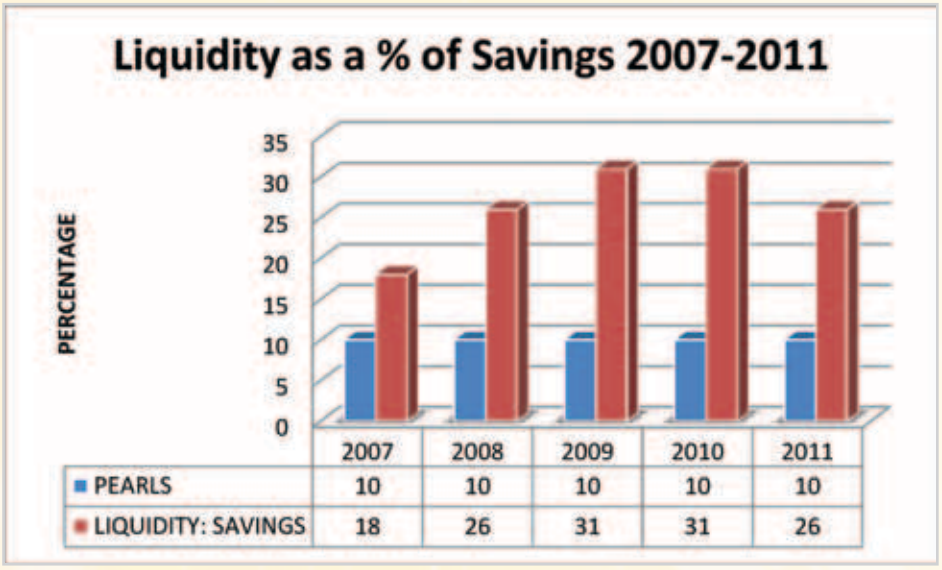
Christopher C. Robinson
Treasurer

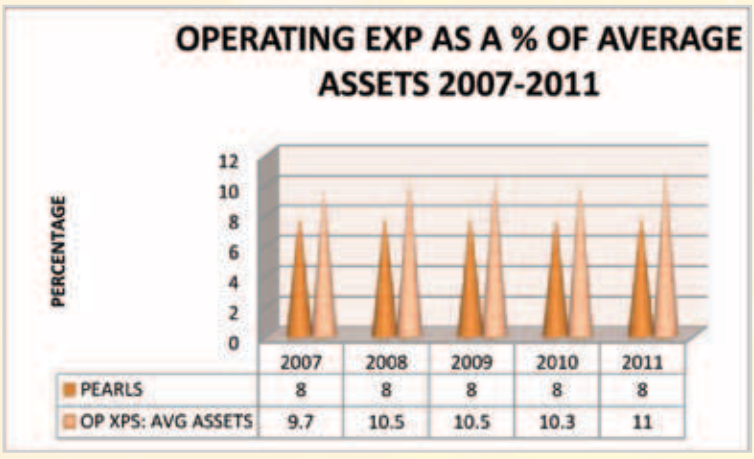
PRUDENTIAL INDICATORS

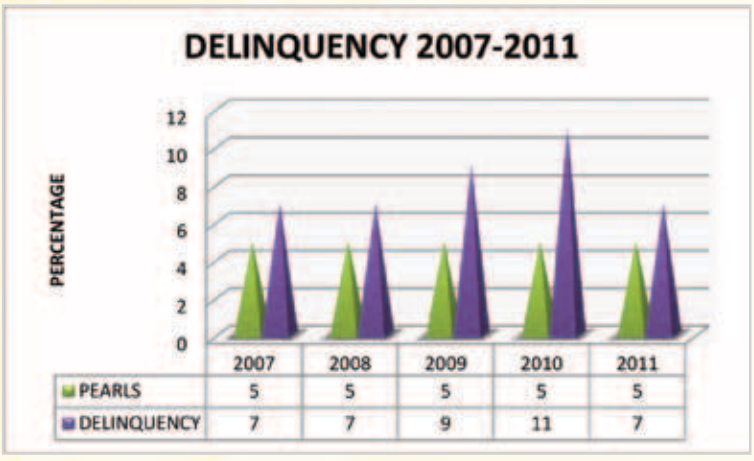
PRUDENTIAL INDICATORS	PEARLS	2011	2010	2009	2008	2007
PROTECTION						
Allow for Loan Loss/Delinquency > 12 mths	100	100	100	100	100	100
Allow for Loan Loss/Delinquency 6-12 mths	60	60	60	60	60	60
Allow for Loan Loss/Delinquency 3-6 mths	30	30	30	30	30	30
Allow for Loan Loss/Delinquency 2-3 mths	10	10	10	10	10	10
EFFECTIVE FINANCIAL STRUCTURE						
Net Loans / Total Assets	60 - 80	47	50	55	60	69
Liquid Assets / Total Assets	max 20	23	28	26	21	16
Financial Investments / Total Assets	max 10	16	9	4	4	3
Total Savings / Total Assets	70 - 80	86	90	84	82	79
Shares / Total Assets	10 - 20	30	32	33	35	36
Institutional Capital / Total Assets	min 8	8.14	3.1	8.9	7.4	8.8
ASSET QUALITY						
Delinquency (>1mth) / Gross Loan Portfolio	<= 5	7	11	9	7	7
Non-Earning Assets / Total Assets	<= 7	15	11	14	14	12
RATES OF RETURN AND COSTS						
Net Loan Income / Average Net Loan	mkt rate	18	18	19	20	20
Operating Expenses / Average Assets	<= 8	10.9	10.2	10.5	10.5	9.7
Net Margin / Average Assets	> 5	0.74	-6.6	-0.5	-0.3	1.3
Loan loss provision / Average Assets	cover loss	1.50	2.7	1.2	2.0	1.5
LIQUIDITY						
Liquidity reserves / Total savings deposits	10	26	31	31	26	18
Non earning liquid assets / Total Assets	< 1	2	1.5	2.0	1.5	0.9
SIGNS OF GROWTH (YTD)						
Loans (gross)		(5)	(18)	(4)	(2)	12
Savings Deposits		0	4	13	21	9
Shares		(3)	(13)	(1)	7	10
Institutional Capital		7	59	24	9	17
Membership	5%	3%	6%	7	5	6
Total Assets	>= inflation	4	-10	5	10	15

PRUDENTIAL INDICATORS (cont'd)









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2012 BUDGET
REVENUE AND EXPENDITURE STATEMENT

2011					2012
BUDGET	**ACTUAL**	**+/(-)**	**%**		**BUDGET**
$'000	$'000	$'000			$'000
				INTEREST INCOME	
651,237	637,054	(14,183)	-2%	INTEREST ON MEMBER'S LOANS	638,939
242,059	204,817	(37,242)	-15%	INTEREST ON INVESTMENTS	210,236
893,296	841,871	(51,425)	-6%		849,175
				FOR WHICH OUR INTEREST AND OTHER EXPENSES WERE	
249,934	191,387	(58,547)	-23%	INTEREST ON MEMBERS' DEPOSITS	211,617
8,626	35,295	26,669	309%	INTEREST ON EXTERNAL CREDITS	4,137
38,990	21,726	(17,262)	-44%	OTHER FINANCIAL COSTS	38,553
-	-	-	-100%	BAD DEBTS WRITTEN OFF	-
(10,980)	75,795	86,775	-790%	LOANS AND OTHER PROVISIONS	53,759
303,370	324,203	20,833	7%		331,681
				LEAVING A NET	
589,926	517,668	(72,258)	-12%	INTEREST INCOME OF	517,494
				AND WE ADD NET EARNINGS FROM NON-INTEREST SOURCES	
23,500	20,595	(2,905)	-12%	CREDIT CARDS	23,310
5,152	5,829	677	13%	REMITTANCE SERVICES	5,753
16,551	6,860	(9,691)	-59%	CAMBIO SERVICES	9,020
141,442	263,837	122,395	87%	FEES AND OTHER INCOME	268,930
186,645	297,121	110,476	59%		307,013
				MAKING OUR GROSS MARGIN	
776,571	**814,789**	**38,218**	**5%**	**BEFORE OPERATING EXPENSES**	**824,507**
				FROM WHICH WE DEDUCT	
750,571	769,079	18,508	2%	OUR OPERATING EXPENSES	782,387
26,000	**45,710**	**17,710**	**76%**	**LEAVING AN OPERATING INCOME / (LOSS)**	**42,120**
-	2,454	2,454	100%	Add Share of Profit of Associates	-
26,000	**48,164**	**22,164**	**85%**	**LEAVING A NET INCOME / (LOSS)**	**42,120**
				THEN WE TRANSFER	
5,200	9,142	3,942	76%	20% TO STATUTORY RESERVE	8,424
20,800	**39,022**	**18,222**	**88%**	**LEAVING A NET SURPLUS / (LOSS) OF**	**33,696**

2012 BUDGET
BALANCE SHEET

2011 BUDGET $'000	2011 ACTUAL $'000	2011 +/(-) $'000	2011 %		2012 BUDGET $'000
				OUR ASSETS	
4,087,356	3,379,998	-707,358	-17%	LOANS TO US AS MEMBERS	4,195,354
3,233,260	2,771,560	-461,700	-14%	OUR INVESTMENTS IN OTHERS	2,876,607
83,806	114,433	30,627	37%	CASH IN HAND & AT BANK	72,924
416,043	648,656	187,613	41%	OWING TO US BY OTHERS	543,865
315,098	293,074	-22,024	-7%	FIXED ASSETS WE PURCHASED	279,406
8,180,563	7,207,721	-972,842	-12%	**MAKING OUR GRAND TOTAL ASSETS**	7,968,156
				% GROWTH PROJECTED	11%
				SOURCES FROM WHICH OUR ASSETS ARE FINANCED	
2,335,000	2,171,081	-163,919	-7%	OUR SAVINGS IN SHARES	2,335,000
4,699,642	3,999,850	-699,792	-15%	OUR SAVINGS IN DEPOSITS	4,417,452
7,034,642	6,170,931	-863,711	-12%	MAKING OUR TOTAL SAVINGS	6,752,452
461,900	462,466	566	0%	INSTITUTIONAL CAPITAL	449,948
399,800	338,615	-61,185	100%	PERMANENT SHARES	397,700
300,000	300,000	0	0%	DIFFERED SHARES	300,000
0	45,875	45,875	0%	LOAN LOSS RESERVE	53,822
5,500	9,383	3,883	100%	INVESTMENT REVALUATION RESERVE	8,571
118,000	172,611	54,611	46%	PENSION RESERVE	172,611
-417,119	-517,728	-100,609	-100%	NON-INSTITUTIONAL CAPITAL	-468,910
7,902,723	**6,982,153**	**-920,570**	**-12%**	**MAKING THE GRAND TOTAL WE OWN AS MEMBERS**	**7,666,194**
277,840	225,568	-52,272	-19%	WE OWED OTHERS AT YEAR-END	301,962
8,180,563	**7,207,721**	**-972,842**	**-12%**	AGREEING THE SOURCES OF FINANCING **WITH OUR TOTAL ASSETS**	**7,968,156**

COK SODALITY CO-OPERATIVE CREDIT UNION LTD.
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REPORT OF THE CREDIT COMMITTEE

This year's Annual General Meeting is taking place at a time when so much is happening in our country. We are preparing to celebrate our 50th anniversary of independence. Jamaica, being led by Dr. the Honorable Ambassador Usain Bolt, OJ, is all set to re-brand the London 2012 Olympics, **JAMAICAN** and COK Sodality is celebrating its 45th year as a Credit Union.

The Government of Jamaica is however operating in a very challenging international and local environment which will impact on the fortunes of you our members which therefore calls for extreme vigilance and leadership.

The European Union, (EU) which accounts for 25 per cent of the world economy and which is one of Jamaica's major trading partners, is likely, as expressed by economists around the world, to decline by between 0.3% and 0.5% this year, on the back of the sovereign debt problems in Greece, Portugal and Spain.

The US economy, which is the locomotive of the global economy and Jamaica's major trading partner, has been consolidating its recovery process with strategic fiscal and monetary policies by the Federal Reserve Board. That economy grew by 3% during the last quarter, labor market unemployment was 8.2% with headline inflation currently running at 2.9% which saw global financial markets reacting negatively to this development.

The Chinese economy, the world's second largest individual economy is expected to slow dramatically to an annual rate of 7.3% this year down from 13% last year, due to the problems in the EU.

These international developments are expected to impact negatively on the Jamaican economy. It is against this background that COK Sodality, will be seeking to grow its loan portfolio in terms of volume and quality. The Credit Committee sought to support this strategy through the execution of its Charter which was developed in 2011 with a particular focus on:

a) Ensuring that loans approved are of the highest quality,
b) Consistent monitoring of credit risk at the portfolio level,
c) Ensuring that there is a monitoring mechanism for existing loans.

The Credit Committee, in its role for the overall responsibility for credit and the loan portfolio, played a significant role in the turnaround of the credit union by continuing the process of ensuring high quality loans are booked.

The Credit Committee, in carrying out its mandate, was mindful of the soon-to-be-implemented Bank of Jamaica (BOJ) regulatory requirements for Credit Unions as well as the increased level of provisioning that currently exists and the need for greater efficiency and productivity in the organisations operations.

In 2011 the Credit Union introduced two (2) new products in response to the general market and will cater to the particular needs of our membership:

1. **H.O.M.E. (Home-Ownership-Made-Easy) by COK,** Mortgage Plan. The maximum loan amount is $25 Million with a maximum term of 25 years with rates as low as 10%.
2. **COK S.C.H.O.L.A.R. Loan (Student Credit for Higher Opportunities toward Learning Advancement and Results).** The maximum tenure is twelve (12) years (conditions apply) the interest rate is as low as 10% and the maximum loans are as follows:
   - Undergraduate Degree - $2 Million
   - Post Graduate Degree - $3 Million

In addition to the new products, the following were revamped to improve their marketability and competitiveness:

- **Motor Vehicle Loan** – reduced rates, reduced share requirement and extended tenures
- **Home Equity Loan** - reduced rates and extended tenures
- **Unsecured Loans** – Reduced share requirement

The members of the Credit Committee are committed to the membership of the Credit Union and stand ready to assist in any way possible. The Credit Union has grown and will continue to grow even in this challenging environment.

The Credit Committee will continue to support the Credit Union in its achievement of its objective by balancing members' interest with that of sound credit risk management principles and practices.

The Serving members of the Committee were as follows:

Messrs:	Edward Chin-Mook (Chairman) Errol Beckford Irwin Errol Gregory Ralston Hyman Carlton Williams
Mesdames:	Carol Williams Catherine Gregory Donna Pommells (Secretary)
Miss:	Monica Cobran (resigned in November 2011)

The Credit Committee continues to exercise oversight responsibility for all loans approved at the Credit Union and, as such, randomly selected and reviewed several loan accounts from a wide cross section of the portfolio.

The Credit Committee approved loans which exceeded the authority of the Senior Management Team. The Committee considered fifty two (52) of such loan applications for 2011. Of those considered forty six (46) were approved, totaling One Hundred & Sixty Five Million, Three Hundred and Fifteen Thousand **($165,315,000.00)**, two (2) were declined, totaling Four Million One Hundred Thousand Dollars (**$4,100,000.00)**, and Four (4) were referred to the Board of Directors for final approval, totaling One Hundred and Eight Million Dollars (**$108,000,000.00**).

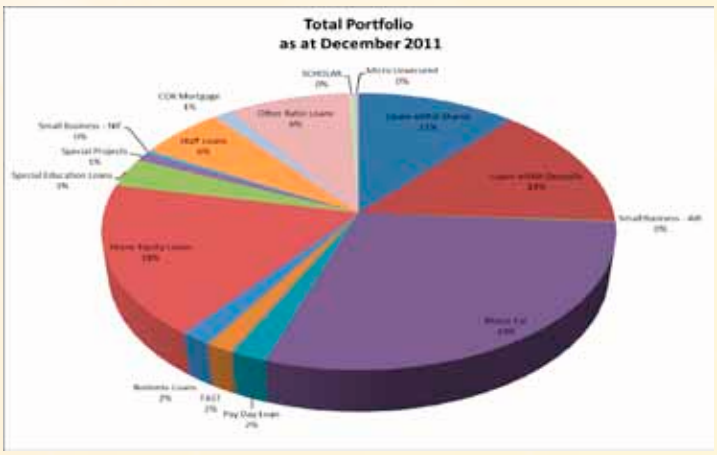
LOANS DISBURSED JANUARY – DECEMBER 2011

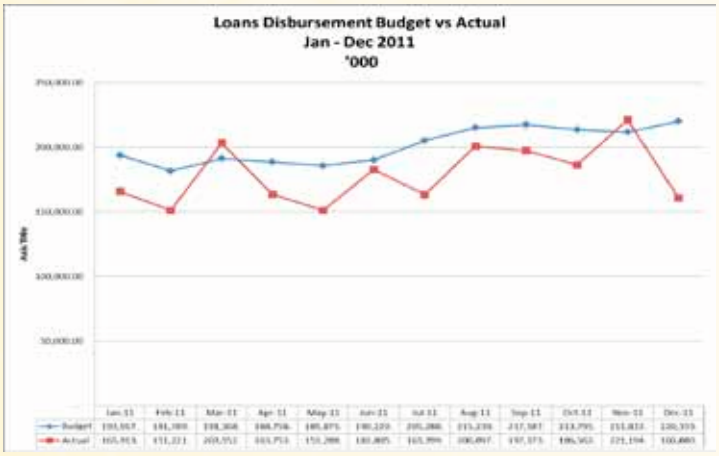
The total loans disbursed for 2011 was $2.16 Billion from a target of $2.416 Billion, an achievement of 89% of total portfolio (see monthly disbursement on the next page).

TOTAL PORTFOLIO

As at December 2011, the Credit Union had loans totaling $3.454 Billion distributed as indicated (on the next page).

REPORT OF THE CREDIT COMMITTEE(cont'd)





THE CREDIT (ORIGINATION) UNIT TEAM

Head Office

Vevine Cameron	(*Credit Manager*)
Dianne Nicholas- Bolton	(*Manager, Credit Origination*)
Ramonia Britton	(*Credit Officer, Business and Special Projects)*
Antonette Samuels	(*Credit Card Officer)*
Famar Edwards	(*Micro Credit Clerk*)
Curven Whyte	(*Micro Loans Officer)*
Paul Dennis	*(Micro Loans Officer*)
Antoinette Lynch	(*Administration Assistant)*

Branches

Cross Roads Branch

Othneil Bailey	(*Credit Officer)*
Clive Thompson	(*Credit Officer)*
Monique Stanbury	(*Credit Officer)*

Half Way Tree

Dionne Johnson-Roberts	(*Senior Credit Officer)*
Nadine Chin	(*Credit Officer*)

Portmore Branch

Kevin Wolfe	(*Credit Officer)*

Montego Bay Branch

Simone Case	*(Credit Officer)* ``

Mandeville Branch

Marlan Vickers	*(Credit Officer-Acting)*

Acknowledgements

The Credit Committee expresses thanks to the members for the confidence placed in us and to the Board of Directors, Supervisory Committee, Management and staff for their co-operation and assistance extended in 2011 and we look forward to a continued mutually beneficial relationship in 2012.

Co-operatively yours,

Edward Chin-Mook
Chairman

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Invest in your future today!

REPORT OF THE SUPERVISORY COMMITTEE

TO THE 45TH ANNUAL GENERAL MEETING OF COK SODALITY CO-OPERATIVE CREDIT UNION LIMITED.

At the 44th Annual General Meeting held on May 11, 2011 the following members were duly elected and served on the Supervisory Committee in the following capacities:

Mesdames:	Herma Walker	- Chairman
	Jacqueline Daley	- Secretary
	Myrna Watts	- Member
	Arlene Miles	- Member
	Phillippa Edwards	- Member
	Vinnate Hall	- Member
Messrs:	Everett Hyatt	- Member
	Clive Medwynter	- Member
	Arnold Breakenridge	- Member

The Supervisory Committee is that committee elected by the members for the purpose of audit and supervision of the activities of the credit union. This role was carried out during the year under review in a manner which added value to the credit union's operations. Policies, procedures and other control activities were addressed in keeping with the mandate of the committee.

RECOGNITION

The Committee thanks Mr. Everett Hyatt who volunteered his services to the Supervisory Committee having served two years as a member of the committee from 2009 to 2011. We wish for him much success in his future endeavours.

AREAS OF FOCUS

During the past year the Supervisory Committee, assisted by and facilitated through the Internal Audit team, reviewed and presented the following reports to the Board of Directors and Management:

- Branch Audit
- Bank Reconciliations
- Death Claim Review
- Review of Fixed Deposit Accounts
- Manual Receipts Review
- Computer Operations Review
- Dormant and Inactive Accounts
- Audit of Loans
- Audit of New Member Registration
- Perfection of Securities
- Proceeds of Crime Act (POCA)/Anti Money Laundering
- Human Resource & Learning (HR&L) and Payroll Audit
- Unallocated Receipts Audit
- Monthly Cash Audit Exercises

All reviews were conducted in accordance with international auditing standards and best practices. There was general adherence to established policies and procedures. The results of these reviews were forwarded to the Board and Management with recommendations for implementation. We were satisfied that most of the issues have been adequately addressed.

HIGHLIGHTS

Unallocated Receipts

Special effort was made to give greater audit focus to Unallocated Receipts. We now feel assured that adequate attention was given by management to this area. This resulted in an overall improvement in the related activities during the year.

Anti-Money Laundering Reviews

As required by guidelines from the Bank of Jamaica and the regulations pertaining to the Proceeds Of Crimes Act (POCA), the committee continued the annual review to determine and encourage compliance.

Corporate Governance

Issues relating to corporate governance were raised with management by the committee. We were satisfied that the Board and Management have spared no effort in addressing and resolving them.

Adherence to Policies, Laws and Regulations

There was adequate compliance with the regulations and other requirements as stipulated by the Bank of Jamaica, Financial Services Commission, Registrar of Co-operatives & Friendly Societies and the Jamaica Co-operative Credit Union League.

ISOAR –(Implementation Status Of Audit Recommendations)

The Supervisory Committee, on a monthly basis, presented reports on the activities of the credit union to the meetings of the Board of Directors with recommendations for management's consideration. The ISOAR is a follow-up monitoring document, which contains the recommendations from reports of audited activities and, for which implementation is incomplete or has not yet been acted on by management.

FINANCIAL PERFORMANCE

There was a decrease in the groups' core revenue generating operations of $79 Million or 8.6%, being interest income from loans to members, investments and deposits. Loan Interest Income fell by 6.04 % or $41 Million while interest income from deposit fell by $38 Million or 15.7% when compared to the previous year.

Interest Expense on Members' Deposit experienced some savings of $74 Million or 28% while Non-Interest Income *(recoveries from bad debt)* grew significantly when compared to the corresponding period for 2010. The group's Gross Margin position showed an increase of 128% over the previous year.

Cost containment strategies by management during the year resulted with Operating Expenses being contained at 2.12% growth or $16 Million when compared to the corresponding period last year. The group was therefore able to record a Surplus of $52 Million for the 12-month period January 1 – December 31, 2011.

LOANS TO MEMBERS

The organisation had an increase of $70.3 Million in loan disbursements when compared to the previous year as follows:

LOANS DISBURSED

2011 ($'000)	2010 ($'000)
$2,161,292	$2,090,992

REPORT OF THE SUPERVISORY COMMITTEE

The total balance of the Loan Portfolio at the end of year was $3.45 Billion, representing a $177.5 Million decline when compared to the previous year.

DELINQUENCY

Delinquency as at year-end was 6.84%, representing a 4.16% improvement over the previous year, but still higher than the 5% target set by the PEARLS standard. We recognise the management effort made in reducing and containing delinquency which resulted in a decrease of over 36% when compared to the previous year.

The organisation has adopted more aggressive strategies to realise assets held as security for delinquent loans as well as proactively monitoring the aging of the delinquency portfolio. This has enabled the organisation to recover $77 Million from loans written-off, as well as significantly reduce its loan-loss provisions for the year.

We continue to remind the membership that once delinquent accounts are recorded, management has to make an adjustment (Loan Loss Provision) in the accounts, which has a direct and negative impact on the surplus of the organisation. Delinquency must therefore be kept at minimal levels if the organisation is to record any meaningful surplus from its operations.

The Profile of Delinquent Loans (including Credit Cards) is as follows:

Months In Arrears	Number in Arrears		Loan Arrears ($)	
	2011	2010	2011 ($'000)	2010 ($'000)
Under 6 Months	1,037	1,019	92,864	144,875
6 – 12 Months	801	610	68,396	111,940
Over 12 Months	523	600	91,013	157,600
TOTAL	**2,361**	**2,229**	**252,273**	**414,415**

SUGGESTION BOX

Members continue to make their contribution to the efficient running of the organisation through submission of their suggestions. Issues of member service and branch logistics were among the issues raised. Other submissions reflected commendations including improved aesthetics and reduction in waiting time.

We continue to ensure that the voices of our members are heard and acted upon. We have seen instances where the management has implemented the recommendations made by members. This reflects the great value that the management has placed on the suggestions of members.

COMMITTEE PERFORMANCE

The committee continued to bring to the attention of the Board of Directors and other volunteers, issues that impact the management performance during the past year. We participated in meetings such as Finance and Planning, Credit Committee, Audit Committee and Debt Management committee deliberations.

These afforded us the opportunity to make a significant contribution to the growth and development of the organisation.

ACKNOWLEDGEMENTS

The Supervisory Committee acknowledges the Board of Directors, Management, Internal Audit Staff, the Administrative support staff as well as the Credit and other committees for their tremendous support during the year.

Thanks to you, our valued members, who afforded us the privilege to serve over the past year.

As Chairman, I would like to thank the hardworking members of this committee for their sterling commitment and dedication.

Again, I invite all of us to continue working together as a team in building our organisation, COK Sodality, as you ***"Invest In Your Future Today".***

Herma Walker (Mrs.)
Chairman

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REPORT OF THE NOMINATING COMMITTEE

To the 45th Annual General Meeting

The members of the Nominating Committee were:

Mrs. Debbie-Ann Gordon Crawford	-	Chairman
Fr. Burchell McPherson	-	Member
Mr. Garth O'Sullivan	-	Member
Mrs. Jacqueline Mighty	-	Staff Liaison
Mr. Anthony Morris	-	Staff Liaison

Standing: (L-R) Father Burchell McPherson, Mr. Garth O'Sullivan, Mr. Anthony Morris
Seated: (L-R) Mrs. Debbie-Ann Gordon Crawford, Mrs. Jacqueline Mighty.

COMMITTEE'S MANDATE

The mandate of the Committee is to act within the framework of the Rules of COK Sodality Co-operative Credit Union.

Article X111 Rule 65(a) provides:
"*Not less than thirty (30)days prior to each Annual General Meeting, the Board of Directors shall appoint a Nominating Committee of three (3) members, of which not more than one may be a member of the existing Board of Directors. It shall be the duty of the Nominating Committee to nominate at the Annual General Meeting one member for each vacancy for which elections are being held.*"

The selection criteria included:

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- Loans of the members are being satisfactorily serviced.
- Members confirm a willingness to serve as a Volunteer and to dedicate sufficient time in undertaking duties therein.
- Members standing for re-election should have had good attendance record and made good contribution at meetings.
- Members, where required, are willing to complete the "Fit and Proper" Exercise.

The Nominating Committee submits the following members for nomination to the Board of Directors, the Supervisory Committee and the Credit Committee.

BOARD OF DIRECTORS

Article V111 Rule 33(i)

"*The Business of the Society shall be conducted by a Board of Directors which shall be elected at the Annual General Meeting of the society and shall consist of not less than five (5) members, all of whom shall be members of the society and eighteen years of age and over, provided that the number of members comprising the Board of Directors shall at all times be an uneven number. Each member shall be eligible for re-election.*"

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Christopher Robinson	Mr. Christopher Robinson Management Consultant 171 Mountview Blvd Keystone St. Catherine	2 Years
Dr. Karen Asher-Osboune	Dr. Karen Asher-Osbourne Consultant Anaesthetist Portmore Healthcare Complex 10 Henderson Drive Gregory Park St. Catherine	2 Years
Mr. Al Chambers	Mr. Al Chambers Managing Director Global Tyres 230 Spanish Town Road Kingston11	2 Years
Mr. Ralph 'Jim' Parkes	Mr. Steadman Pitterson Management Consultant P.O. Box 449 Kingston 19	1 Year
Monsignor Michael Lewis	Monsignor Michael Lewis St Richard's Church 126 Red Hills Road Kingston 6	2 Years
Mr. Maurice Clarke	Mr. Winston Butler Business Executive Mona School Of Business, UWI, Mona	2 Years

CREDIT COMMITTEE

Article 1X Rule 4(i)

The Credit Committee shall be elected at the Annual General Meeting of the Society and shall consists of not less than three (3) members, all of whom shall be members of the society and age eighteen or over. Each member shall hold office until his successor is elected and shall be eligible for re-election.

RETIRING	RECOMMENDED	TERM IN OFFICE
Mrs. Carol Williams	Mrs. Carol Williams Blood Donor Organizer The Blood Bank 21 Slipe Pen Road Kingston 5	2 Years

REPORT OF THE NOMINATING COMMITTEE

To the 45th Annual General Meeting

Mr. Errol Beckford	Mr. Errol Beckford Director of Human Resources Petroleum Company of Ja. 695 Spanish Town Road Kingston 11	2 Years
Ms Monica Cobran	Mr. Joscelyn Richards Business Consultant 10 Bridgemount Park Ave Kingston 8	2 Years
Mrs. Donna Pommells	Mrs. Donna Pommells Advertising Consultant Jamaica Yellow Pages 48 Constant Spring Road Kingston 8	2 Years
Mr. Edward Chin -Mook	Ms. Lisa Campbell Project Director Land Administration & Mgmt Programme Ministry of Land Environment & Climate Change 1 Devon Road Kingston 10	2 Years

SUPERVISORY COMMITTEE

Article X Rule 48(i) (ii) (iii)

The Supervisory Committee shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee, and all of whom shall be members of the society."

"Members of the Committee shall be elected, for one year only at each Annual General Meeting. They shall hold office until their successors are elected and shall be eligible for re-election."

"In the event of a vacancy in the membership of the Committee, the remaining members of the committee shall fill such vacancy by appointing a member who shall hold office only until the next Annual General Meeting. "

SUPERVISORY COMMITTEE

Article X Rule 48(i) (ii) (iii)

RETIRING	RECOMMENDED	TERM IN OFFICE
Ms. Herma Walker	Ms. Herma Walker Consultant 794 Cedar Grove Boulevard Cedar Grove Estate Gregory Park P.O. St. Catherine	1 Year
Ms Arlene Miles	Ms Beverly Haylett Paralegal Secretary Betting, Gaming & Lotteries Commission 17 Ruthven Road Kingston 5	1 Year
Mrs. Jacqueline Daley	Mrs. Jacqueline Daley Revenue & Marketing Manager Nationwide 90 FM 27 Mannings Hill Road Kingston 10	1 Year
Mr. Arnold Breakenridge	Mr. Arnold Breakenridge Breakenridge & Associates 15a Old Hope Road, 5th Floor Kingston 5	1 Year
Mr. Clive Medwynter	Mr. Clive Medwynter Managing Director Paradigm Pioneers Inc. 4 East Avenue Kingston 5	1 Year
Mrs. Myrna Watts	Mrs. Myrna Watts Tax Consultant 22 Cactus Way Kingston 6	1 Year
Mr.. Everett Hyatt	Mr. Alston Reid HR Services Manager National Water Commission 4 Marescaux Road Kingston 5	1 Year
Ms. Vinnate Hall	Ms. Vinnate Hall Assistant Vice President Internal Audit Sagicor Life Ja. Ltd 28-48 Barbados Avenue Kingston 5	1 Year
Ms. Phillipa Edwards	Ms. Phillipa Edwards Director Revenue Accounting Jamaica Customs Department 2-4 King Street Kingston	1 Year

JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE

RETIRING	RECOMMENDED	TERM IN OFFICE
Delegates		
Mrs. Jacqueline Mighty	Mrs. Jacqueline Mighty	1 Year
Mr. Joscelyn Jolly	Ms. Carol Anglin	1 Year
Alternate Delegates		
Mr. Christopher Robinson	Mr. Christopher Robinson	1 Year
Ms. Carol Anglin	Mr. Joscelyn Jolly	1 Year

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REPORT OF THE NOMINATING COMMITTEE (cont'd)

To the 45th Annual General Meeting

JAMAICA FISHERMEN'S CO-OPERATIVE UNION

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Al Chambers	Mr. Al Chambers	1 Year
Mr. Neville Rhone	Mr. Neville Rhone	1 Year
Mrs. Jacqueline Mighty	Mrs. Jacqueline Mighty	1 Year

JAMAICA CO-OPERATIVE INSURANCE AGENCY LTD.

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Christopher Robinson	Mr. Christopher Robinson	1 Year
Mrs. Jacqueline Mighty	Mrs. Jacqueline Mighty	1 Year

The Nominating Committee has carefully reviewed the eligibility requirements for each vacancy and has taken all reasonable steps to ensure that the nominees meet these requirements

The Chairman and the members of the Nominating Committee wish to say thanks for the opportunity to serve COK Sodality Co-operative Credit Union.

Debbie-Ann Gordon Crawford (Mrs.)
For & on behalf of the Nominating Committee

DELEGATES' REPORT

DELEGATES' REPORT OF THE 70TH ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE HELD AT THE RITZ-CARLTON GOLF & SPA RESORT, MONTEGO BAY, ST. JAMES MAY 19-21, 2011

The Jamaica Co-Operative Credit Union League's 70th Annual General Meeting was celebrated as a milestone event from May 19-22, 2011 at the Ritz-Carlton Golf & Spa Resort in Montego Bay, St. James. The theme was "Embracing New Frontiers". Fifty-three (53) delegates, 37 alternates and scores of observers attended the 4-day event. Among the activities were a tradeshow, simultaneous workshops and the annual awards dinner.

The Convention opened on the Thursday afternoon with a trade-show featuring a number of small and large businesses. The workshops followed that afternoon and continued all day on the Friday. The workshops were very stimulating and included matters relating to Shared Services, Regulatory Compliance & Governance, Business Re-engineering and the use of Social Media to promote and sell the Credit Unions products and services.

ANNUAL GENERAL MEETING

The Annual General Meeting was held on Saturday, May 21 from 9:00 a.m. It was the first year of Presidency for President Jonathan Brown. He presented the Board's Report and highlighted the achievements of the Credit Union Movement in 2010, pinpointing the areas of gain and noting the areas for improvement. He advised that despite the challenges, Credit Unions were able to grow their assets by 7.06% and improve their capital base to 10.7% of assets in 2010, up from 10.42% in 2009. At the end of 2010 there were 44 Credit Unions in the Movement.

The meeting was advised of the following statistics at the end of December 2010:

	2010	2009	Growth (%)
Savings (bill)	$47.78	$44.07	8%
Loans (bill)	$37.66	$36.22	4%
Assets (bill)	$60.65	$56.50	7%
Active Membership	955,762	967,781	-1%

The meeting examined and approved a resolution to amend Rule 9(1) pertaining to share capital and liability. The AGM was seeking to increase to two Million, Seven Thousand, Five Hundred and Fifty Five dollars ($2,007,555.00) the minimum shareholding in the League.

The executive team elected at the AGM for the 2010-2011 financial year were:

JCCUL EXECUTIVE

Mr. Johnathan Brown	-	President
Mr. Derrick Tulloch	-	1st Vice President
Ms. Carol Anglin	-	2nd Vice President
Mr. Ian McNaughton	-	Treasurer
Ms. Fay Davis	-	Assistant Treasurer
Mr. Clinton Pickering	-	Secretary
Dr. Dorothy Raymond	-	Asst. Secretary

Credit Union of the Year Awards were presented at the Credit Union banquet and awards ceremony on May 20th to:

The O.J. Thorbourne Award
(for CU with over $2B in assets)
- JTA CO-OPERATIVE CREDIT UNION

The Renford Douglas Award
(for CU with assets of between $1B and $2B)
- AAMM CCU CO-OPERATIVE CREDIT UNION

The Paul Thompson Award
(for CU with assets between $300m and $1B)
- JDF CO-OPERATIVE CREDIT UNION

The John Peter Sullivan Award
(for CU with assets of $300M or less)
- BJ STAFF CO-OPERATIVE CREDIT UNION

At the Awards Banquet COK Sodality won the following awards:

- **Top Producer for CUNA FIP**
- **Top Producer for CUNA Golden Harvest Plans;**
- **1st prize winner for CUNA FIP Jump Start for 2011;**
- **JCCUL Award for highest volume & value P2P remittance transfers**
- **JCCUL Award for Highest Performing Credit Union for Online training for 2010**

Delegates and alternates in attendance at the AGM were: Mr. Joscelyn Jolly, Mrs. Jacqueline Mighty, Mr. Christopher Robinson and Ms. Carol Anglin.

Mr. Joscelyn Jolly
Delegate

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OBITUARIES

List of Deceased Members For Whom Claims Were Settled in 2011

1.	SHAWN	ANDERSON
2.	SHIRLEY	ASFALL
3.	HAROLD	AUGUSTUS
4.	LAURIE	BAILEY
5.	WILBERT	BAILEY
6.	DARLTON	BAILEY
7.	JOEL	BANTON
8.	PEARLETA	BARNETT
9.	ALPHANSO	BARTLEY
10.	AMRA	BENNETT
11.	MARGARETTA	BENNETT
12.	CLIVE	BIDWELL
13.	EVELYN	BLACKWOOD
14.	MICHELLE	BLAIR
15.	WILBERT	BOGLE
16.	MARCIA	BONNER
17.	NEVILLE	BOXE
18.	DAVE	BROOMFIELD
19.	OBEDIAH	BROWN
20.	PATRICE	BROWN
21.	MELBOURNE	BROWN
22.	DORRETTE	BROWN
23.	DERRICK	BURRELL
24.	JOYCE	CAMPBELL
25.	MILLICENT	CAMPBELL
26.	NORMA	CARTY
27.	HUBERT	CHAMBERS
28.	PAULINE	CHEN
29.	DELORIS	CLARKE
30.	NOVELETTE	CLARKE
31.	CLYDE	CLARKE
32.	VERA	COHEN
33.	ILETHA	COOPER
34.	DONALD	CREARY
35.	LEIGHTON	DACOSTA
36.	ADOLPHUS	DALE
37.	ALFRED	DALEY
38.	PHILLIP	DALEY
39.	TARTUS	DAVIDSON
40.	JOYCE	DAVIS
41.	CYNTHIA	DAWKINS
42.	CHARLES	DAWSON
43.	JUNE	DEPASQUALE-MITCHELL
44.	MARLENE	DIAS
45.	OLIVER	DODD
46.	DAPHNE	DOUGLAS
47.	PEARL	DOUGLAS
48.	EVERALD	DUNCAN
49.	DONNA	EDWARDS
50.	KEISHA	ELLISON
51.	MARVA	FEARON
52.	JOAN	FENTON
53.	ORVILLE	FERRIGON
54.	NYRON	FISHER
55.	HORACE	GISCOMBE
56.	LEONIE	GORDON
57.	EILEEN	GRAHAM-IRONS
58.	KIRK	GRANT
59.	HUMPHREY	GRAY
60.	ADELETA	GREEN
61.	ALICIA	GUY-HUCEY
62.	ANGELLA	HAMILTON
63.	TREVOR	HAMILTON
64.	ALLISON	HAMILTON-WEDDERBURN
65.	OLGA	HARRIS
66.	THELMA	HEATH
67.	GLYNIS	HENRY
68.	IVY	HENRY
69.	INEZ	HENRY
70.	STEPHEN	HENRY
71.	ALEX	HENRY
72.	RAYMOND	HEWITT
73.	VENMARIE	HILL
74.	IONIE	HOLMES
75.	SONIA	HUTCHINSON
76.	SHERYL	HYATT
77.	CLAUDETTE	INGRAM
78.	PAULETTE	JACKSON
79.	CLINTON	JACKSON
80.	DOROTHY	JOHNSON
81.	PAULINE	JONES
82.	HERMON	JONES
83	DONOVAN	KERR

OBITUARIES (Cont'd)

84.	URIEL	KINGHORN
85.	ALTHEA	LAWRENCE
86.	ERIC	LEWIS
87.	DAMION	LINDSAY
88.	PHYLLIS	MARTIN
89.	BRIDGETTE	MAXWELL
90.	OLIVER	MCCRAE
91.	MACAULAY	MCDONALD
92.	SHARON	MCDONALD
93.	SULTANNA	MCKAY
94.	HOWARD	MCLARTY
95.	GLORIA	MCLENNON
96.	HERBERT	MEGGOE
97.	JULIE-ANN	MILLS
98.	PAULINE	MORGAN
99.	MAXINE	MORRISON
100.	SHELDON	MOULTON
101.	CLOVER	NELSON
102.	NURTON	NELSON
103.	DAVID	NESBETH
104.	PORTIA	NEWBY
105	ERIC	NIXON
106.	ANGELA	PARKINSON
107.	OSCAR	PATTERSON
108.	SHERYL	PLUNKETT
109.	ARTHUR	POLLACK
110.	PHYLLIS	POWELL-JACKSON
111.	FRITZ	RANKINE
112.	ANTHONY	REID
113.	EUPERT	REID
114.	CONSTANTINE	REYNOLDS
115.	JOHN	REYNOLDS
116.	SHARON	RICHARDS
117.	NORRIS	RICHARDS
118.	JOYCE	RICHARDS
119.	SANDY	ROBINSON
120.	CARL	ROBINSON
121.	ROXANN	ROSE
122.	BERYL	SALABIE
123.	ICOLYN	SALKEY
124.	WAYNE	SAMUELS
125.	CLIFTON	SAMUELS
126.	STEPHEN	SANE
127	ISHMEAL	SEYMOUR(SNR)
128.	GEORGE	SMITH
129.	BASIL	SMITH
130.	CARLENE	SMITH
131.	BLONDEL	SMITH
132.	ASHBOURNE	SOLOMON
133.	NORMAN	SOUTAR
134.	ALLEN	STEWART
135.	ERROL	STEWART
136.	RONALDO	THOMAS
137.	EVETT	THOMAS
138.	BIZEL	THOMPSON
139.	ELVIA	TOWNSEND
140.	JANICE	TUCKER
141.	YVONNE	VALENTINE
142.	WILTON	VASSELL
143.	PAUL	WATSON
144.	DAMION	WATSON
145.	EVERAL	WEBLEY
146.	BARBARA	WEIR
147.	WENTWORTH	WELCH
148.	CIVIS	WHITE
149.	GLADSTONE	WHITTER
150.	RUFUS	WHYTE
151.	BANCROFT	WILLIAMS
152.	RALFORD	WILLIMAS
153.	LORRIS	WILLIAMS
154.	STANLEY	WITTINGHAM

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DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

(An Agency of the Ministry of Industry, Investment & Commerce)

2 MUSGRAVE AVENUE
KINGSTON 10

TEL: 927-4912/927-6572
or 978-1946
Fax: 927-5832

E-mail: dcfs@cwjamaica.com

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

S1
R325/-36/04/12

April 2, 2012

The Secretary
COK Sodality
Co-operative Credit Union Limited
66-70 Slipe Road
KINGSTON 5

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2011.

In light of the continued recovery and stabilization efforts by the Credit Union to increase its capital base and to deal with the pernicious rise in delinquency, the Registrar of Co-operative Societies and Friendly Societies hereby direct that no portion of the surplus should be distributed.

You must now hold the Annual General Meeting convened under **Regulation 19** of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35** 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 sincerely,

.....

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

LE/kd

RESOLUTIONS

PREAMBLE

WHEREAS the current Rules of the COK Sodality Co- operative Credit Union Limited were established at the inception of the Credit Union more than 44 years ago or progressively amended before governance principles and external regulatory practices were as stringent as they are today,

AND WHEREAS the said Rules have provided a very strong framework for the effective and efficient governance and management of the Credit Union for the duration of the period;

AND WHEREAS over those years the Credit Union has grown and developed with a more complex organizational and management structure;

AND WHEREAS technological changes both locally and internationally have affected the direction and operations of Credit Unions;

AND WHEREAS Section 11 (1) of the Co-operative Societies Act stipulates that a Registered Society may amend its rules.

BE IT RESOLVED that the following Rules of COK Sodality Co-operative Credit Union Limited be amended as outlined hereinafter:-

ARTICLE II – MEMBERSHIP AND SPHERE OF OPERATIONS

Whereas Section 11 states that:

A person ceases to be a member: -

a) on death;
b) on ceasing to hold at least two thousand dollars ($2,000.00) in Permanent Shares
c) on being found to be of unsound mind;
d) on expulsion from the Society;

Be it resolved that the Clause 11 be amended to include:

(e) On voluntarily withdrawing

ARTICLE III – CAPITAL AND LIABILITY

Whereas Section 14 (a) lists the rights and restrictions attached to **Permanent Shares**

Be it resolved that the list be extended to include the following rights and restrictions:

(i) Voting Rights
(ii) To hold any other class of shares, one must meet the minimum Permanent Share requirement

Whereas Section 14 (b) lists the rights and restrictions attached to **Deferred Shares**

Be it resolved that the list be extended to include the following restriction:

(i) No extra voting rights are attached to Deferred Shares

ARTICLE VIII – BOARD OF DIRECTORS

Whereas Section 35 states, "At the first meeting of the Board of Directors, which shall be held within ten (10) days of their election the Board shall elect from their own number a President, a Vice-President, a Secretary and a Treasurer. The office of Secretary and Treasurer may be combined in one person.

Be it resolved that Section 35 be amended to add that:
"Each member of the Board at the first meeting shall be required to make the Board of Directors Pledge"

ARTICLE X – SUPERVISORY COMMITTEE

Whereas Section 48 speaks to the constitution of the Supervisory Committee and their conduct,

Be it resolved that Section 48 be extended to include the following clause:

(iv) Any member of the Committee who without due excuse approved by the Committee fails to attend at least three (3) consecutive meetings of the Committee shall be deemed to have vacated office.

ARTICLE XI – OFFICERS

Whereas Section 52 speaks to the Officers of the Board of Directors and their role and function, and

Whereas Section 52 (v) speaks to the role and function of the **Treasurer** and

Whereas the role and function of the Treasurer has overtime become less operational and more one of monitoring and policy formulation, and

Whereas the Society has employed qualified and experienced persons to operate as financial managers of the organization, and

Whereas Section 52 states: "The Treasurer shall be the general manager of the Society under the control and direction of the Board of Directors. Before entering upon his duties, he shall furnish a surety bond for the faithful performance of his duties in such amount as shall be determined by the Board of Directors as provided for an Article VIII, Rule 38 (i) the premium of which shall be paid by the Society. Subject to such limitations and control as may be imposed by the Board of Directors it shall be the duties of the Treasurer

a) to have custody of all funds, security, valuable papers and other assets of the Society, except his own surety bond which

RESOLUTIONS (contd)

shall be in the custody of such other person as the Board of Directors may designate;

b) to sign all cheques, notes, drafts and other negotiable or transferable instruments drawn by the Society as required in the process of its business;

c) to keep and maintain a full and complete record of all the transactions of the Society and to have custody of all the books if accounts, vouchers, bonds, securities etc., to be at all times open to the Supervisory Committee;

d) to prepare a Trial Balance of the General Ledger within ten (10) days of the close of each month which Trial Balance shall be posted in the office of the Society until replaced by the Trial Balance for the succeeding month;

e) to prepare within fifteen (15) days of the close of each half-year a statement of the Profit and Loss Account and the Balance Sheet which statement shall be certified by at least two members of the Supervisory Committee and shall be posted in a prominent place in the office of the Society until replaced by the statement for the succeeding half-year;

f) to receive all monies paid in to the Society and within forty-eight hours after receipt, deposit all funds in his possession in the Bank or Banks of deposit prescribed by the Board of Directors;

g) to see that all Promissory Notes, Drafts, or any negotiable instruments drawn in favour of the Society, are properly prepared;

h) to do all other such duties as pertain to the Office of Treasurer.

Be it resolved that Section 52 (v) be amended to read:
"*The Treasurer shall maintain oversight responsibility of the financial affairs of the Society and should be sufficiently qualified to carry out such responsibilities. He shall ensure that the financial responsibilities as delegated to Management are effectively administered in keeping with best practices, current financial reporting standards and other standards as may be required from time to time by the Regulators*"

Whereas Section 53 speaks to the role and function of the **Assistant Treasurer** and

Whereas Section 53 states: "The Board of Directors may appoint one or more assistant treasurers, none of whom may also hold any other office, and authorise them, under the direction of the treasurer, to perform any of the duties devolving on the treasurer, including the signing of cheques. When designated by the Board, any assistant treasurer may also act as treasurer during the absence of the treasurer or in the event of the treasurer's inability or refusal to act. Surety bond coverage should be the same as that for the treasurer."

Whereas as a result of the amended role and function of the Treasurer,

Be it resolved that Section 53 be amended to read:
"The Assistant Treasurer shall in the event of the absence or disability of the Treasurer or his refusal to act, perform the duties of the Treasurer and/or such other duties as the Board of Directors may from time to time prescribe."

Whereas Section 55 states: "A meeting of the Officers, members of the Board of Directors, Credit and Supervisory Committees shall be held at least once a quarter. The Secretary of the Society shall be responsible for the calling of this meeting." and

Whereas the Board Meetings of the Society has a structure whereby the Credit and Supervisory Committees are invited to the monthly meetings,

Be it resolved that Section 55 be deleted from the Rules.

ARTICLE XVI – BANKING ACCOUNT

Whereas Section 69 states "The Board of Directors shall select a reputable Bank or Banks in which the Banking Account of the Society shall be kept. All Cheques shall be signed on behalf of the Society by the President or Vice-President or any other person or persons designated by the Board of Directors and the Treasurer or Assistant Treasurer provided that cheques for lodgment to the Society's Banking Account may be endorsed by the Treasurer alone or any other person or persons as designated by the Board of Directors." and

Whereas the Society has employed qualified and experienced employees to carry out the financial affairs of the organization,

Be it resolved that Section 69 be amended to read: "The Board of Directors shall select a reputable Bank or Banks in which the Banking Accounts of the Society shall be kept. All banking transactions on behalf of the Society shall be executed by persons designated by the Board of Directors in accordance with the Authorities Schedule approved by the Board from time to time."

The foregoing document is HEREBY CERTIFIED to be a copy of a Resolution passed at our Annual General Meeting held on Wednesday May 09, 2012 at the Jamaica Conference Centre, 14-20 Port Royal Street, Kingston

DATED THIS 9th DAY OFMAY, 2012.

MOVED BY

SECONDED BY

H.O.M.E by COK
MORTGAGE PROMOTION
APPLY FOR AN AFFORDABLE COK MORTGAGE* WITH:
-INTEREST RATES AS LOW AS 10%
-90% FINANCING
-UP TO 25 YEARS TO REPAY
YOU COULD WIN!
$500,000
IN CASH OR TOWARDS A ROOM MAKEOVER
HOW TO ENTER
- Apply for a mortgage at a minimum of J$4 million between February 14 and August 14, 2012 to be eligible.
- Upon approval and disbursement, you will receive a non-transferable entry form.
- Correctly fill in your name, contact information and the COK Sodality slogan, then drop the form in the entry box provided for a chance to win.
- Eligible applicants will receive an extra entry form for every additional J$2 million disbursed.
- Draw takes place on November 21, 2012
1967 - 2012
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Let's talk about your new HOME!
Call us: 960-4226 or visit us at www.cokcu.com
Promotion runs February 14 - August 14, 2012
*Conditions apply
*Makeover cost will not exceed $500,000. No cash will be disbursed if the full amount is not utilized.
Authorized under section 58 (3) of the Betting, Gaming and Lotteries Act

NOTES

Prayer of St. Francis of Assisi

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

Oh 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.

Partner PLAN

FIXED DEPOSIT

Golden Egg

GOLDEN HARVEST SAVINGS PLAN

COK Remittance SERVICES
Convenient, Reliable, Safe

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