



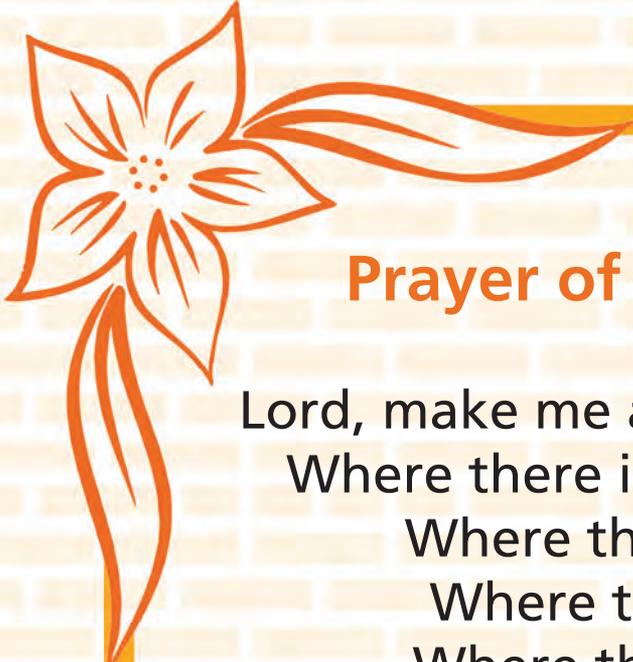
COK SODALITY CO-OPERATIVE CREDIT UNION LTD.

Invest in your future today!



**COLLABORATE
AND GROW**

2015 ANNUAL
REPORT



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 pardoning that we are pardoned;
And it is in dying that we are born to eternal
life.



COK SODALITY CO-OPERATIVE CREDIT UNION LTD.

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TABLE OF CONTENTS

	Page
Notice & Agenda	2
Corporate Profile	3
Minutes of the 48th Annual General Meeting	4
Board of Directors' Report	22
Treasurer's Report	31
COK Sodality Management Team	40
COK Sodality Team Members	41
COK Sodality Activities During 2015	46
COK Sodality Corporate Citizenship	48
Credit Committee Report	49
Supervisory Committee Report	52
Nominating Committee Report	54
Delegates' Report of the 74 th Annual General Meeting of the Jamaica Co-operative Credit Union League	57
Delegates' Report of the Annual General Meeting of the Jamaica Fishermen Co-operative Union Limited	59
Education Committee Report	60
Obituaries	62
Department of Co-Operatives & Friendly Societies	64
Audited Financial Statements	65

NOTICE

Notice is hereby given that the 49th Annual General Meeting of COK Sodality Co-operative Credit Union Limited will be held on Wednesday June 1, 2016, at the Jamaica Conference Centre, starting at 1:00 p.m.

Registration commences at 12:00 noon.



Christopher Robinson
Secretary
April 2015

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 47th Annual General Meeting
- Matters Arising
7. Reports
 - a. Board of Directors
 - b. Treasurer and Auditors
- Presentation of Budget
 - c. Credit Committee
 - d. Supervisory Committee
 - e. Nominating Committee
 - f. Delegates to the Jamaica Co-operative Credit Union League's (JCCUL) AGM
 - g. Delegates to the Jamaica Fishermen Co-operative Union Limited's AGM
 - h. Education Committee
8. Fixing of Maximum Liability
9. Appointment of Returning Officer
10. Elections
 - a. Board of Directors
 - b. Credit Committee
 - c. Supervisory Committee
 - d. Delegates to JCCUL
 - e. Delegates to the Jamaica Fishermen Co-operative Union Limited
 - f. Delegates to the Jamaica Co-operative Insurance Agency
11. Resolution
12. Any Other Business
13. Termination

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 burgeoning 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 an 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 being 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 ("Credit Union" or "Society" or "COK Sodality").

With the merger, it should be noted that among the key benefits afforded to 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:

- a) Persons of the universal catholic faith (believing that Jesus Christ is Lord)
- b) Persons working or living in Kingston & St. Andrew
- c) Employees of the Society
- d) 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
e) Members of other co-operatives

GOVERNANCE

While COK Sodality is led by a member-elected Board of Directors, presently headed by its first female President Miss Carol Anglin, the daily operations of the Credit Union are the responsibilities of the management team led by Chief Executive Officer, Mrs. Jacqueline Mighty. During 2015 there was strong support from Senior Managers Linda Miller, Andrew Brown, Andre Gooden and sixteen administrative /branch managers.

COK Sodality at the end of December 2015, managed over \$7.8B in Assets, \$6.92B in Savings, \$5.52B in Loans on behalf of over 260,000 members through a branch network of 5 locations – 2 in the Kingston Metropolitan Region (Half-Way-Tree & Cross Roads) and one each in Portmore, Mandeville and Montego Bay.

PRODUCT OFFERINGS

In addition to its wide and balanced menu of loan facilities and saving /investment plans, the Credit Union operates a Micro Finance Centre – accessible at its five locations - offers Individual Health Insurance, an Approved Retirement Scheme (ARS) packaged as COK Pension Plan - notable the oldest ARS in Jamaica - Remittance Services through the COK Remittance Services Limited as well as Cambio Operations which has been in existence for over 20 years through Cambio Exchange Cambio Services.

As COK strives to expand and offer superior service to its members in Jamaica and the diaspora, the Credit Union has formed alliances/forged partnerships, for example the existing partnership with Paymasters, as well as acquired shares in MoneyMasters Limited, a licensed securities dealer.

MISSION

COK Sodality uses this medium to thank all its members for their continued support and pledges its ongoing commitment to its mission to improve their well-being. As the Credit Union continues to seek to bring innovative products to market we say to all stakeholders – "Let's collaborate and grow".



COK MOBILE

1. GO TO YOUR APP STORE
2. SEARCH FOR "COK"
3. INSTALL THE APP

Available on the App Store | GET IT ON Google play

ASCERTAINMENT OF QUORUM AND CALL TO ORDER

Having ascertained from the Chief Executive Officer, Mrs. Jacqueline Mighty, that 267 persons registered and in attendance and that the COK Sodality Co-operative Credit Union Annual General Meeting (AGM) was legally constituted as per Rule 61 Section i(d), the President Ms. Carol Anglin, Chairman, called the Forty-eighth AGM to order at 1:30pm.

READING OF NOTICE CONVENING THE MEETING

Mr. Christopher Robinson, Secretary, read the notice convening the Meeting which complied with Rule 60 of the COK Sodality Co-operative Credit Union Rules. He stated that the Notice of the AGM was first published on April 19, 2015 in the newspaper and posted in all COK Sodality branches.

OPENING PRAYER AND OBITUARIES

Prayer was offered by Mrs. Emma Thomas, which was followed by the Prayer of St. Francis of Assisi. The meeting observed a minute of silence for members who died during the year as listed on pages 58 to 60 of the Annual Report Booklet. The COK Sodality Choir gave a rendition.

WELCOME AND INTRODUCTION

The Chairman, Ms. Anglin extended a warm welcome to everyone, and outlined the Parliamentary procedures to be observed for the meeting.

Ms. Anglin informed the meeting of the Credit Union's theme for 2014 "One Voice". She said with "One Voice" we heralded new products, delinquency containment, cost management control, loans growth and protected our assets through provisioning after achieving a surplus. She said the Credit Union's performance continues to improve and should turnaround by the end of 2015. She reminded the meeting that there were no fees for using a COK ATM or an initial issuance of ATM access cards or to get summary statements and do a balance enquiry via the call centre and in branch.

She mentioned also that the Credit Union offers the widest selections of loans and savings products and services to members through cambio, remittance, retirement scheme, micro units, credit cards, and the list was not exhaustive. These products and services were available through our geographic locations in Kingston and St. Andrew, St. Catherine, Manchester and St. James. In addition, visits were made to the Cayman Islands to service our members. We used our brokers and other means to service our members' needs for products and services. We have field officers who service our small and micro business members and our liaison officers who operate through their companies to keep in touch with our membership throughout the island.

We communicated with our members via the worldwide web and a series of members' meetings. Contact can be made literally with our COK staff members anytime, anywhere using COK mobile App and COK Chat.

Ms Anglin stated that the Credit Union in addressing the strategic objective of turning around the Credit Union by the end of 2015, has pulled out all stops and has been aggressively marketing our products and services in the marketplace through a campaign called "Built Around You", demonstrating to our members that everything that we do and say is with the membership in mind from early years to latter years.

Ms Anglin introduced the members on the platform as follows:-

Mr. Steadman Pitterson - Treasurer
 Mr. Deryke Smith - Assistant Treasurer
 Mr. Christopher Robinson - Secretary
 Dr. Karen Asher Osbourne - Assistant Secretary
 Ms. Marjorie Shaw - Director
 Mr. Trevor Blake - Director
 Mrs. Debbie-Ann Gordon Crawford - Director
 Mr. Al Chambers - Director
 Mrs. Jacqueline Mighty - Chief Executive Officer (CEO)

She introduced members of the Supervisory Committee who were present: Miss Herma Walker, Mrs. Jacqueline Daley, Mr. Arnold Breakenridge, Ms. Phillipa Edwards, Ms. Vinnate Hall, Mrs. Beverley Haylet Smith, Mr. Clive Medwynter, Mr. Alston Reid and Mrs Carol Williams.

The Credit Committee members were also introduced: Mr. Rohan Townsend, Mr. Irwin Gregory, Mr. Errol Beckford, Reverend Norman Francis, Ms. Catherine Gregory, Mr. Ralston Hyman, Mrs. Donna Pommells and Mr. Lenworth Tracey.

WELCOME TO SPECIALLY INVITED GUESTS

Mrs. Jacqueline Mighty was asked to introduce the specially invited guests. Mrs. Mighty extended welcome to the following specially invited guests:-

Mrs Sonia Smith - Department of Co-operatives & Friendly Societies (DCFS)
 Mr. Mario Clarke - DCFS
 Ms. Vera Lindo - Jamaica Co-operative Credit Union League (JCCUL)
 Mr. Derrick Tulloch - President, JCCUL
 Mr. Richard Bowes - JCCUL
 Ms. Phillipa Beckford - CMFG Life Insurance
 Mr. Oswald Parkes - CMFG Life Insurance
 Ms. Soan Madden - Auditor, KPMG
 Mr. Hopeton Morrison - St Thomas Co-operative Credit Union

Ms. Beverley Cole - Stenographer

Mrs. Mighty also extended a special welcome to the following individuals:

Mr. Michael Martin - Former COK Sodality Director
 Mr. Robert Linton - Former COK Sodality Director
 Mr. Courtney Wynter - Chairman, COK Retirement Scheme
 Mr. Garth O'Sullivan - Trustee, COK Retirement Scheme
 Mr. Patrick Galbraith - Nominee, COK Sodality Credit Committee
 Mrs. Sharon Usim - Nominee, COK Sodality Credit Committee
 Mrs. Jacqueline Lloyd-Carter - Nominee, COK Sodality Credit Committee
 Mrs. Charmaine Newsome - Nominee, COK Sodality Supervisory Committee
 Mrs. Lorraine Stewart - Member, COK Sodality

Mrs. Mighty acknowledged that Teacher's Day celebrations were being held; and in support of the teachers recognised and saluted those in attendance. The COK Sodality Choir serenaded the teachers to the song "Wind Beneath My Wings."

Special welcome was also extended to the children, C.A.R.E.S. savers with COK Sodality, attending the AGM as observers.

APOLOGIES FOR ABSENCE

Apologies for absence were received from the following:-

Mr. Michael Lewis - Director, COK Sodality
 Mr. Orville Christie - Director, COK Sodality
 Ambassador Aloun Ndombet-Assamba - Former Director and GM, COK Sodality
 Ms. Jennifer Forbes - Member, COK Sodality
 Mr. Albert Morris - Honorary Director & Founding Member, COK Sodality
 Mr. Joscelyn Jolly - Former Director, COK Sodality
 Ms. Lisa Campbell - Former Credit Committee Member, COK Sodality
 Mr. Neville Rhone - Former General Manager, COK Sodality
 Mr. Wilbert Spence - Partner of KPMG
 Mr. Errol Gallimore - Registrar, DCFS

COK Sodality uses this medium to thank all its members for their continued support and pledges its ongoing commitment to its mission to improve their well-being. As the Credit Union continues to seek to bring innovative products to market we say to all stakeholders – "Let's collaborate and grow".

ADOPTION AND CONFIRMATION OF MAY 2014 AGM MINUTES

The Minutes having been circulated were taken as read on a motion moved by Mr. Garth O'Sullivan and seconded by Ms Dianne Fraser.

The Secretary, Mr. Christopher Robinson, drew the meeting's attention to the Errata Sheet which was tabled. The following amendments were highlighted from the Minutes:-

Page 13 Credit Committee (For 2 years) 1st column last line - 'Shauna-Kaye' should read 'Shannakay'; and paragraph 3, 'Shanna Kay' should read 'Shannakay'.
 Page 25 Board of Directors' Report, under COK XCHANGE - CAMBIO SERVICES, 1st line, change 'we were not longer' to 'we were no longer'.
 Page 32 Treasurer's Report, 2nd column 4th paragraph 2nd sentence, change 'tenors' to 'tenures'.
 Page 37 Proposal for Fixing Maximum Liability - 2nd Column, change '2014 to 2015' in heading and second line should also read 'to 31st December 2015'.
 Page 50 Committee's Mandate 2nd paragraph, 2nd bullet point, delete the second 'duties'.

MATTERS ARISING FROM THE MINUTES

The Motion for the adoption and confirmation of the Minutes was moved by Mr. Michael Martin and seconded by Mr. Garth O'Sullivan. The motion was unanimously carried.

There being no discussion from the Minutes. Secretary, Mr Christopher Robinson assumed the Chair for the presentation of the Board of Directors' Report by President, Ms. Carol Anglin.

REPORTS

BOARD OF DIRECTORS

The motion for the Board of Directors' Report to be taken as read was moved by Ms. Phillipa Beckford and seconded by Mr. Rohan Townsend.

OVERVIEW

The President stated that the focus remained on the main goal of the five-year strategic plan to turn around the Credit Union by the end of 2015. The Board and Management continued to monitor the influences in the economy, industry and the Credit Union that may impact the attainment of this goal.

She said the first three years of the strategic plan was characterised by significant volatility, uncertainty and risk in the global and domestic environments; and 2014 started with prospects of a year on year positive outturn for the global economy, as well as the local economy. These expectations were substantially realised.

However, despite consistent favourable reviews under the International Monetary Fund (IMF) Extended Fund Facility with the country, the domestic economy continued to struggle to create significant growth. The fiscal tightening, continued wage restraints, unemployment, currency devaluation and inflation taken together, resulted in muted aggregate demand which in turn created an ever increasingly hostile competitive landscape for credit unions. This compelled the Board to take even more aggressive actions to improve the core operations and financial standing of the institution during 2014.

The Credit Union made a surplus of \$25.2M for 2014 that reflected the positive outcome of various strategic initiatives and operational improvements undertaken. However, during the period your Board was judicious in its pursuits of the organisation's strategic goals.

The Board in cleaning up the institution's balance sheet in line with the 2016 strategic goal, decided to make a 100% provision for receivable from a cambio partner that remained inordinately outstanding. As a result there was a loss of \$33.6M based on the provision. The organisation was aggressively using all legal channels to pursue the party involved in the cambio transaction to recover the outstanding sum.

IMPROVED SERVICE TO MEMBERS & COMMUNICATION

Enhanced services were delivered to our members as follows:

- Launch of COK's first mobile App to improve member access.
- Enhancement of the credit workflow processes to improve turnaround times on loans.
- Revamping of the institution's website including a new online chat feature to provide a more user friendly and informative site for members and potential members.
- Implementation of a Micro Finance Module to manage and grow the Micro Loans portfolio.
- Refurbishing of the Cross Roads Branch.
- Opening of an ATM at the Half Way Tree Branch.
- Completion of the installation of LED light bulbs as part of our drive to reduce our electricity bill.
- Conducting a number of member satisfaction surveys to better inform our engagement activities.

ACHIEVING SUSTAINED GROWTH

The core operating performance of the Credit Union was mixed. There were positive out-turns recorded for 2014 (year on year) such as:-

- Total assets of \$7.5B - a \$400M or 6% increase.
- Operating expenses were less than budget - \$817M versus \$828M.

The key plans and strategies in the short to medium term were designed to achieve sustained growth and profitability by aggressively growing the business, improving member services delivery, controlling the levels of non performing loans, prudently managing resources and capabilities for optimal performance, and continuing to implement appropriate monitoring and control mechanisms. The Board fully appreciates that our members have been adversely impacted by the harsh economic environment. This recognition led to an intense focus on finding novel approaches to addressing the members diverse and challenging needs, while preserving the viability of the Credit Union. Our market research efforts have been unprecedented and our feedback led to product enhancements and new initiatives. Some of these initiatives included:

- Specials on fixed deposits and Golden Harvest savings.
- Debt consolidations and motor vehicle loan promotion.
- Health and wellness weekly feature.
- "COK in the streets", a monthly promotion; hosting four Members' Meeting including Members Bingo Night; social outreach programme in Kingston, Portmore, Mandeville and Montego Bay.

SERVICE DELIVERY

In 2014 we continued and finalised work on the design of a comprehensive programme to improve member service delivery and communications. This will be fully implemented in 2015 with the establishment of a special unit headed by a Member Service and Member Experience Manager who will be charged with the responsibility of ensuring that member satisfaction is increased significantly. We continue to keep in touch with our members across multiple media, including print, electronic as well as by e mail, text messages, Facebook, the Internet and video screens in our branches.

SOCIAL AND CORPORATE RESPONSIBILITY

Regarding our social and corporate responsibility; COK's continued commitment to social and corporate responsibility was underpinned with the dual mantra of wellness in personal and financial health. This was demonstrated through our various outreach efforts especially in communities surrounding our branches in Kingston, Portmore, Mandeville and Montego Bay, and was achieved through donating and sponsoring activities and events in the areas of community development, education, sports and agriculture; sharing essential information on wellness and healthy living via electronic and print media with a weekly column in the Jamaica Observer newspaper, regular promotional spots and interviews on several stations and partnering with the Diabetes Association of Jamaica; and Corporate Mahogany Health and Fitness. COK Sodality over the

years has contributed directly and indirectly to the educational pursuits of our youths at the basic, primary, secondary and tertiary levels.

In 2014, thirty scholarships and grants amounting to approximately \$650,000 were provided to our members and children of members attending local institutions, ranging from basic to tertiary institutions. Our Education Committee is responsible for the management of this programme and has provided details in our Annual Report.

CAPITAL BASE

In 2014, as in prior years, COK Sodality continued its drive to strengthen and secure its capital base by among other things, increasing compliance with permanent shares to achieving a surplus. The Board is encouraged that as at December 2014, members' contributions to permanent shares were approximately \$409M up from \$380.6M in 2013.

DEBT MANAGEMENT

The Board through its Debt Management Committee, (DMC) and management via the Debt Management Unit (DMU), continue to provide oversight and monitoring of this very critical area in the organisation's operations. The Board and Management, in the execution of its duties tried to balance the challenges of the members in meeting their obligations as agreed against the negative impact on the organisation's financial performance, and in so doing try to come to the best possible compromise in the interest of both parties.

Income from sale of collateral held against charged off or delinquent loans under achieved in 2014, as disposal of collateral was not as buoyant. However, we were able to collect \$33.6M of the \$65.7M budgeted.

CHARGED-OFF ACCOUNTS

Our Charged off Accounts, which are accounts in arrears for a period in excess of 365 days and for which the accounts reflect 100% provision for the debt are recommended to the Board by the Management for charge off.

In keeping with our Rule 38 (i), the Directors hereby present, for the meeting's approval that these loans totaling approximately \$49.1M at December 31, 2014, be treated as Charged off Loans. These loans will continue to be managed for collection but will no longer be included as part of the current loan portfolio.

NOTABLE LEGAL ISSUE

Over the last three years the membership has been advised that included in the receivables was an amount of \$58.2M relating to a balance from a Cambio Trading Partner for its default in a transaction. The Board and Management have aggressively employed various

approaches to recover this debt. A portion of the debt was collected in 2012 by an out of court action, and our efforts to recover the outstanding amounts are unceasing. However, despite repeated promises we have yet to realise full recovery. As previously mentioned, your Board prudently made a hundred percent provision for this debt and it continues recovery efforts via available legal channels.

HUMAN RESOURCES

In 2014 there were 235 persons employed to the organisation at the end of December. There was also a strong volunteer corp. The Credit Union paid greater focus on improving the capability of the staff and volunteers, through more structured training and development.

During the year Mr. Courtney Wynter, Chief Financial Officer; Mr. Desmond Foster, Senior Manager, Strategic Planning & Development demitted office. Mr. Lloyd Black, Chief Business Development Officer and Mr. André Gooden, Investment & Treasury Manager, joined the organization.

Mr. Black, who joined the COK Sodality family in August 2014, passed away after a very brief illness. He made significant contributions to the organisation during his tenure and won the respect and admiration of the members, his peers and volunteers.

COK REMITTANCE COMPANY

COK Remittance Company Limited (COKRS) is a wholly owned subsidiary of the Credit Union and operates as an agent for several remittance companies operating out of the Cayman Islands, Haiti, United States of America, Europe and Canada. The company recorded a loss for 2014 of \$2.1M, an amount in keeping with budgetary expectation; and made strides in expanding its local and international network.

MONEYMASTERS LTD (MML)

MML is a wholly owned subsidiary and associate company of COK Sodality. Our equity had been reduced to 22% in 2014, and the Credit Union had to record a loss of approximately \$8.4M due to reduction in value of this investment. Messrs. Trevor Blake and Christopher Robinson continue as COK Sodality representatives on the Board of MML.

CORPORATE GOVERNANCE

During the year under review the Board of Directors, knowing the importance of corporate governance practices in the conduct and operations of the organisation, continued its appraisal of the operations and subsidiary activities of the Credit Union through various committees of the Board. These committees ensured compliance of the Credit Union's operations

and subsidiary activities and where necessary approved and implemented policies and procedures designed to improve the monitoring, controls and accountabilities within the organisation.

The Board of Directors continued to work with management in improving compliance issues including strengthening the compliance infrastructure and processes of the organisation. We again report that the level of compliance relating to member's due diligence, "Know Your Members", was still not at its expected levels, despite efforts for full compliance. We encourage the members to cooperate with us in accomplishing this task, so that we can be fully compliant with our regulators.

The Board of Directors will continue to ensure compliance with regulations and Regulators through policies, and to hold the practice of accountability high while developing and implementing sound strategies for positive growth.

THE WAY FORWARD

The Board has taken note of some positive indicators and developments in the wider community. The Jamaica Conference Board's (JCB) 4th Quarter Business and Consumers Confidence indices suggest that confidence in the economy among firms and individuals was at a 13-year high. Additionally, public sector workers seemed set to benefit from a relaxation of the wage restraint regime and inflation that is currently tracking at a 40 year low. Furthermore, we remained hopeful that the country's improved ranking in the Global Doing Business Index would translate into increased levels of foreign direct investments and commercial activities that would redound to the benefit of our members. In recognition of these emerging opportunities and the deliberate actions taken to strengthen and further consolidate the key elements for operating model, your Board remained steadfast in its commitment to member care, human resource capacity building and offering solutions to satisfy our changing needs.

The focus for 2015 will be to provide distinctive member care, earn surplus for continued growth of our loan portfolio, delinquency containment, cost management, new product development and further strengthening the capital base of the organisation. The strategic plan is focused on ensuring sustainable financial viability and so your Board is intent on the timely execution of the initiatives. Permanent Shares being an essential component of the Credit Union's capital structure, one element of the Board's plan will be an invitation for you to support a resolution that proposes to increase the minimum Permanent Share requirement from \$2,000 to \$3,000. This \$1,000 increase from every member will help to solidify the Credit Union as a strong entity in the

financial services sector and reinforce the foundation to widen our services and generate surpluses.

Your Board believes that the Credit Union was at the tipping point of its turn around, and we continue to solicit your support to ensure that this mission is fulfilled.

APPRECIATION

We wish to record our appreciation to our volunteers, management and staff, liaison officers, regulators, providers of professional services, and all others who have assisted the COK Sodality in the conduct of its affairs over the past year. We thank you our members, for the confidence that you continue to place in us as we strive to serve the COK Sodality Co-operative Credit Union Limited.

DISCUSSION OF BOARD OF DIRECTORS' REPORT

Mr. Garth O'Sullivan stated that for so long the Credit Union has been struggling and it was now full-time to make a surplus so the members can earn a return on their hard earned money invested in the Credit Union. He said the Credit Union in 2015 can become viable by providing a serious venture for ganja investment, which was now legal; by helping poor farmers who are interested in planting the medical herb to find money at a good rate.

Mr. Michael Burke mentioned that as a COK Sodality's representative to the Jamaica Fishermen Co-operative Union Ltd., he suggested to them to try and have their own property, including the one in Montego Bay, which they could use to start renting as a small hotel, and so provide employment for its members. He said efforts should be made to assist the Fishermen Co operative Union to get their land titles so they can start getting into the hotel industry. It is important for the Credit Union to more aggressively leverage the relationship with the fishermen. He further suggested that every Credit Union should have a separate employment agency; and persons who gain employment must save in the Credit Union each month which would help to supply a surplus.

Mr. Michael Martin enquired what were the challenges being experienced with the Know Your Member requirement. Mrs Mighty explained that there were a number of persons in the database whose information was insufficient or outdated and as such no contact can be made with them, despite efforts being made for the last three years, to reactivate these accounts, utilising social media, the newspapers etc. As such there has been very little success in meeting this regulatory requirement for these members.

Mrs. Sheila Goulbourne asked if the Credit Union had

any plans to accept pension cheques by facilitating lodgement to the Credit Union. It was pointed out that the Accountant General had made arrangement with certain financial institutions and post offices to encash these cheques; and the Credit Union was not included. She suggested that an approach should be made to the Accountant General to see whether COK Sodality could be included in the arrangement.

Mr. O'Sullivan expressed concern with collectors gaining access to delinquent members, particularly those in gated communities. He asked that the assessment of loans include a visit to these borrowers' addresses. He suggested also that the Credit Union seek the assistance of the police for bailiffs to gain access to these delinquent members' residences. He said not being able to collect from these delinquent members, and being asked to write-off their amounts, was affecting the Credit Union's surplus. He said it also would be helpful if the bailiffs were given a picture of delinquent members they are assigned to, as this would facilitate easy identification; as sometimes when they approach these persons they deny being the named person.

Mr. O'Sullivan suggested that the Credit Union recommence having training seminars for the bailiffs and collectors. This training would help to refresh their memory on how they should perform. It would also help to provide an opportunity to get feedback from them on the challenges being encountered when performing their duties; and discussion held how these challenges can be dealt with.

Mr. Sean Hunter asked how the membership will be advised of the increase in Permanent Shares to \$3,000. Mrs. Mighty explained generally multiple channels are used to communicate the changes and activities being done, such as our website, telephone calls, text messaging, emails, the press, and the electronic media. She said the members are constantly being asked to update their personal information so the Credit Union can keep in touch with them.

Mr. Hunter expressed concern that the Credit Union Movement had moved away from its core values of "Not for charity but for service", that of catering to poor people, but was operating like a bank. The members he said were going to the bank which was offering lower interest rates on loans and better service. He said the Credit Union should look at how it can provide low interest rates on loans to benefit the members.

Ms. Anglin pointed out that the Management had put in place a Member Experience Unit to improve the service; and there had been improvement. She said the Board is very strong on maintaining the Credit Union's philosophy. She said she was depending on the members

to help to point out where we were not succeeding and how we can improve.

Mr. Victor Nugent enquired whether the Credit Union could provide a product to cater to the development of the Bath Fountain and the Milk River Spas to promote as a tourist attraction, as both were up for divestment. Ms. Anglin stated that it was something that could be discussed in a forum to facilitate the germination of the idea and the implementation of a programme to help to move in that direction.

Ms. Anglin thanked everyone for their participation in the deliberations and closed this segment of the meeting.

The motion for the adoption of the Board of Directors' Report was moved by Mr. Errel Crooks and seconded by Mr. Robert Newsome. The motion was unanimously carried.

TREASURER AND AUDITOR'S REPORTS

The motion for the Treasurer's Report to be taken as read was moved by Mr. Courtney Wynter seconded by Mrs. Emma Thomas.

OVERVIEW

The Treasurer, Mr. Steadman Pitterson in presenting the report indicated that the effects of the National Debt Exchange, implemented in February 2013, continued to have a spin off effect on those who are indebted to the Credit Union, which had resulted in the significant provision for Bad Debt of \$75M that was experienced in 2014. Despite this the Credit Union made an operating profit of \$25M before audited provisions of \$59M for Accounts Receivable; the writing down of our investment in MoneyMasters Ltd. was \$8.4M and a loss in our Remittance Company of \$2.1M. After applying all these, the Credit Union made a business operating loss of \$44M. He indicated that the Credit Union continued to operate in a challenging economic environment, however with tight cost containment the increase in operating expenses year over year was kept below the inflation rate. Expenses increased by \$23M over the comparative period, albeit below the inflation rate and below the 2014 budgeted spend.

PERFORMANCE

He said despite these losses, the 2014 financial year ended with some positive achievements as the loan portfolio grew by \$539M to close the year at \$5.165B. Saving deposits grew by \$250M to close the year at \$4.399B. There was also a \$28M growth in Permanent Shares. The Credit Union also achieved Interest Income from loans of \$678M against the budget of \$696M. Interest Income from investments of \$149M was

achieved against a budget of \$138M. The Operating Expenses were \$817M against the budget of \$828M. The investment portfolio at December 2014 decreased to \$1.8B, this was due to the deliberate strategy to shift the asset mix to loans.

COLLECTIONS

The Treasurer pointed out that there were some areas in which the Credit Union did not meet expectation. The Credit Card income was \$13M against a budget of \$21M. There was also Bad Debt provision of \$133M against the budget of \$60M. The Non-interest Income was \$276M against the budget \$329M. Bad Debt recoveries achieved were \$33M against the budget of \$66M.

GROWTH

Loan disbursements at the end of the year were \$2.62B. The portfolio grew significantly to \$5.1B over last year's figure of \$475M. The shares portfolio at 2014 was \$2.190B. Savings moved to \$4.307B from \$4.062B. Permanent Shares also showed an increase of \$20M. The Credit Union's Total Assets grew to \$7.524B in 2014, increasing from \$7.124B in 2013.

DEBT MANAGEMENT

Delinquency though not at the levels we would like, has seen a consistent reduction over the last three years; moving down to 9.1% in 2014. Over the last four years significant improvements were realised for Bad Debt recoveries, where \$189M was collected for the period 2011 - 2014 compared to \$51M collected in the preceding four years.

The Credit Union made provisions of \$133M in 2014; as the year proved to be a challenging one for Bad Debt provisioning, due to several hardcore large accounts that were not regularised and for which the Credit Union was not successful in disposing of the pledged properties during the financial year. During 2015 attempts would continue to dispose of these properties. The Credit Union would aggressively pursue all creative ways to address delinquency.

THE WAY FORWARD

Mr Pitterson indicated that the strategic objectives of the Credit Union for 2015 financial year were to:

- grow the loan portfolio by \$572M.
- increase savings to fund loan growth.
- reduce the delinquency ratio to an acceptable target of 6%
- increase recoveries from bad debt by 52%.
- increase the interest income by 10%.
- maintain operating expenses within or below inflation and continue the trend of spending less than budget.
- improve the capital adequacy rate above the

PEARLS benchmark of 8%.

Mr Pitterson said the Credit Union would be diligently looking at other investment vehicles and low risk structured financing opportunities to boost its income. The Credit Union remained committed to providing financial assistance to its members in a cost effective and efficient manner. It was a safe repository for savings, and despite the hard times and the fragile environment in which it currently operates, we remain positive in our ability to play an important part in fostering financial independence and creating wealth for our members. We have continued to provide opportunities for you our valid members to achieve your financial goals.

At this point, the Treasurer invited Ms Soan Madden from the auditing firm, KPMG to read the Auditor's Report. Ms Madden stated that the firm audited the financial statements of COK Sodality Co-operative Credit Union Limited and its subsidiaries and it was the opinion of the auditing firm that proper accounting records and financial statements were duly vouched and in accordance with the International Financial Reporting Standards and the Co-operative Societies Act.

CONCLUSION AND ACKNOWLEDGEMENT

In concluding the report, the Treasurer thanked the Management and Staff of the Credit Union for remaining steadfast in their duties to the organisation. He thanked the cadre of Volunteers who unselfishly gave of their time and talent, and were forthcoming with ideas and suggestions about improving the Credit Union. He extended special thanks to the Department of Co-operatives and Friendly Societies and the Jamaica Co-operative Credit Union League for their guidance and support during the year. He thanked the Auditors, KPMG for completing the audit in a timely manner. He expressed gratitude to the members for their continued support of the Credit Union and for the opportunity given to him to serve in the capacity.

DISCUSSION OF THE TREASURER'S REPORT

Mr. Michael Burke suggested that the JCCUL lobbies for an international co-operative fund from the World Council of Credit Union (WOCCU) to help countries in which credit unions operate so they are able to overcome some of the challenges being experienced.

There being no further questions or comments, Mr. Errel Crooks moved the motion for the adoption of the Reports seconded by Mr. Donald Blackwood. The motion was unanimously carried.

There being no discussion from the Minutes. Secretary, Mr Christopher Robinson assumed the Chair for the presentation of the Board of Directors' Report by

President, Ms. Carol Anglin.

REPORTS

BOARD OF DIRECTORS

The motion for the Board of Directors' Report to be taken as read was moved by Ms. Phillipa Beckford and seconded by Mr. Rohan Townsend.

OVERVIEW

The President stated that the focus remained on the main goal of the five-year strategic plan to turn around the Credit Union by the end of 2015. The Board and Management continued to monitor the influences in the economy, industry and the Credit Union that may impact the attainment of this goal.

She said the first three years of the strategic plan was characterised by significant volatility, uncertainty and risk in the global and domestic environments; and 2014 started with prospects of a year on year positive outturn for the global economy, as well as the local economy. These expectations were substantially realised. However, despite consistent favourable reviews under the International Monetary Fund (IMF) Extended Fund Facility with the country, the domestic economy continued to struggle to create significant growth. The fiscal tightening, continued wage restraints, unemployment, currency devaluation and inflation taken together, resulted in muted aggregate demand which in turn created an ever increasingly hostile competitive landscape for credit unions. This compelled the Board to take even more aggressive actions to improve the core operations and financial standing of the institution during 2014.

The Credit Union made a surplus of \$25.2M for 2014 that reflected the positive outcome of various strategic initiatives and operational improvements undertaken. However, during the period your Board was judicious in its pursuits of the organisation's strategic goals.

The Board in cleaning up the institution's balance sheet in line with the 2016 strategic goal, decided to make a 100% provision for receivable from a cambio partner that remained inordinately outstanding. As a result there was a loss of \$33.6M based on the provision. The organisation was aggressively using all legal channels to pursue the party involved in the cambio transaction to recover the outstanding sum.

Improved Service to Members and Communication Enhanced services were delivered to our members as follows:

- Launch of COK's first mobile App to improve member access.
- Enhancement of the credit workflow processes

to improve turnaround times on loans.

- Revamping of the institution's website including a new online chat feature to provide a more user friendly and informative site for members and potential members.
- Implementation of a Micro Finance Module to manage and grow the Micro Loans portfolio.
- Refurbishing of the Cross Roads Branch.
- Opening of an ATM at the Half Way Tree Branch.
- Completion of the installation of LED light bulbs as part of our drive to reduce our electricity bill.
- Conducting a number of member satisfaction surveys to better inform our engagement activities.

ACHIEVING SUSTAINED GROWTH

The core operating performance of the Credit Union was mixed. There were positive out-turns recorded for 2014 (year on year) such as:-

- Total assets of \$7.5B - a \$400M or 6% increase.
- Operating expenses were less than budget - \$817M versus \$828M.

The key plans and strategies in the short to medium term were designed to achieve sustained growth and profitability by aggressively growing the business, improving member services delivery, controlling the levels of non performing loans, prudently managing resources and capabilities for optimal performance, and continuing to implement appropriate monitoring and control mechanisms. The Board fully appreciates that our members have been adversely impacted by the harsh economic environment. This recognition led to an intense focus on finding novel approaches to addressing the members diverse and challenging needs, while preserving the viability of the Credit Union. Our market research efforts have been unprecedented and our feedback led to product enhancements and new initiatives. Some of these initiatives included:

- Specials on fixed deposits and Golden Harvest savings.
- Debt consolidations and motor vehicle loan promotion.
- Health and wellness weekly feature.
- "COK in the streets", a monthly promotion; hosting four Members' Meeting including Members Bingo Night; social outreach programme in Kingston, Portmore, Mandeville and Montego Bay.

SERVICE DELIVERY

In 2014 we continued and finalised work on the design of a comprehensive programme to improve member service delivery and communications. This will be fully implemented in 2015 with the establishment of a special unit headed by a Member Service and Member

Experience Manager who will be charged with the responsibility of ensuring that member satisfaction is increased significantly. We continue to keep in touch with our members across multiple media, including print, electronic as well as by e mail, text messages, Facebook, the Internet and video screens in our branches.

SOCIAL AND CORPORATE RESPONSIBILITY

Regarding our social and corporate responsibility; COK's continued commitment to social and corporate responsibility was underpinned with the dual mantra of wellness in personal and financial health. This was demonstrated through our various outreach efforts especially in communities surrounding our branches in Kingston, Portmore, Mandeville and Montego Bay, and was achieved through donating and sponsoring activities and events in the areas of community development, education, sports and agriculture; sharing essential information on wellness and healthy living via electronic and print media with a weekly column in the Jamaica Observer newspaper, regular promotional spots and interviews on several stations and partnering with the Diabetes Association of Jamaica; and Corporate Mahogany Health and Fitness. COK Sodality over the years has contributed directly and indirectly to the educational pursuits of our youths at the basic, primary, secondary and tertiary levels.

In 2014, thirty scholarships and grants amounting to approximately \$650,000 were provided to our members and children of members attending local institutions, ranging from basic to tertiary institutions. Our Education Committee is responsible for the management of this programme and has provided details in our Annual Report.

CAPITAL BASE

In 2014, as in prior years, COK Sodality continued its drive to strengthen and secure its capital base by among other things, increasing compliance with permanent shares to achieving a surplus. The Board is encouraged that as at December 2014, members' contributions to permanent shares were approximately \$409M up from \$380.6M in 2013.

DEBT MANAGEMENT

The Board through its Debt Management Committee, (DMC) and management via the Debt Management Unit (DMU), continue to provide oversight and monitoring of this very critical area in the organisation's operations.

The Board and Management, in the execution of its duties tried to balance the challenges of the members in meeting their obligations as agreed against the negative impact on the organisation's financial performance, and in so doing try to come to the best possible compromise

in the interest of both parties.

Income from sale of collateral held against charged off or delinquent loans under achieved in 2014, as disposal of collateral was not as buoyant. However, we were able to collect \$33.6M of the \$65.7M budgeted.

CHARGED-OFF ACCOUNTS

Our Charged off Accounts, which are accounts in arrears for a period in excess of 365 days and for which the accounts reflect 100% provision for the debt are recommended to the Board by the Management for charge off.

In keeping with our Rule 38 (i), the Directors hereby present, for the meeting's approval that these loans totaling approximately \$49.1M at December 31, 2014, be treated as Charged off Loans. These loans will continue to be managed for collection but will no longer be included as part of the current loan portfolio.

NOTABLE LEGAL ISSUE

Over the last three years the membership has been advised that included in the receivables was an amount of \$58.2M relating to a balance from a Cambio Trading Partner for its default in a transaction. The Board and Management have aggressively employed various approaches to recover this debt. A portion of the debt was collected in 2012 by an out of court action, and our efforts to recover the outstanding amounts are unceasing. However, despite repeated promises we have yet to realise full recovery. As previously mentioned, your Board prudently made a hundred percent provision for this debt and it continues recovery efforts via available legal channels.

HUMAN RESOURCES

In 2014 there were 235 persons employed to the organisation at the end of December. There was also a strong volunteer corp. The Credit Union paid greater focus on improving the capability of the staff and volunteers, through more structured training and development.

During the year Mr. Courtney Wynter, Chief Financial Officer; Mr. Desmond Foster, Senior Manager, Strategic Planning & Development demitted office. Mr. Lloyd Black, Chief Business Development Officer and Mr. André Gooden, Investment & Treasury Manager, joined the organization.

Mr. Black, who joined the COK Sodality family in August 2014, passed away after a very brief illness. He made significant contributions to the organisation during his tenure and won the respect and admiration of the members, his peers and volunteers.

COK REMITTANCE COMPANY

COK Remittance Company Limited (COKRS) is a wholly owned subsidiary of the Credit Union and operates as an agent for several remittance companies operating out of the Cayman Islands, Haiti, United States of America, Europe and Canada. The company recorded a loss for 2014 of \$2.1M, an amount in keeping with budgetary expectation; and made strides in expanding its local and international network.

MONEYMASTERS LTD (MML)

MML is a wholly owned subsidiary and associate company of COK Sodality. Our equity had been reduced to 22% in 2014, and the Credit Union had to record a loss of approximately \$8.4M due to reduction in value of this investment. Messrs. Trevor Blake and Christopher Robinson continue as COK Sodality representatives on the Board of MML.

CORPORATE GOVERNANCE

During the year under review the Board of Directors, knowing the importance of corporate governance practices in the conduct and operations of the organisation, continued its appraisal of the operations and subsidiary activities of the Credit Union through various committees of the Board. These committees ensured compliance of the Credit Union's operations and subsidiary activities and where necessary approved and implemented policies and procedures designed to improve the monitoring, controls and accountabilities within the organisation.

The Board of Directors continued to work with management in improving compliance issues including strengthening the compliance infrastructure and processes of the organisation. We again report that the level of compliance relating to member's due diligence, "Know Your Members", was still not at its expected levels, despite efforts for full compliance. We encourage the members to cooperate with us in accomplishing this task, so that we can be fully compliant with our regulators.

The Board of Directors will continue to ensure compliance with regulations and Regulators through policies, and to hold the practice of accountability high while developing and implementing sound strategies for positive growth.

THE WAY FORWARD

The Board has taken note of some positive indicators and developments in the wider community. The Jamaica Conference Board's (JCB) 4th Quarter Business and Consumers Confidence indices suggest that confidence in the economy among firms and individuals was at a 13-year high. Additionally, public sector workers

seemed set to benefit from a relaxation of the wage restraint regime and inflation that is currently tracking at a 40 year low. Furthermore, we remained hopeful that the country's improved ranking in the Global Doing Business Index would translate into increased levels of foreign direct investments and commercial activities that would redound to the benefit of our members. In recognition of these emerging opportunities and the deliberate actions taken to strengthen and further consolidate the key elements for operating model, your Board remained steadfast in its commitment to member care, human resource capacity building and offering solutions to satisfy our changing needs.

The focus for 2015 will be to provide distinctive member care, earn surplus for continued growth of our loan portfolio, delinquency containment, cost management, new product development and further strengthening the capital base of the organisation. The strategic plan is focused on ensuring sustainable financial viability and so your Board is intent on the timely execution of the initiatives. Permanent Shares being an essential component of the Credit Union's capital structure, one element of the Board's plan will be an invitation for you to support a resolution that proposes to increase the minimum Permanent Share requirement from \$2,000 to \$3,000. This \$1,000 increase from every member will help to solidify the Credit Union as a strong entity in the financial services sector and reinforce the foundation to widen our services and generate surpluses.

Your Board believes that the Credit Union was at the tipping point of its turn around, and we continue to solicit your support to ensure that this mission is fulfilled.

APPRECIATION

We wish to record our appreciation to our volunteers, management and staff, liaison officers, regulators, providers of professional services, and all others who have assisted the COK Sodality in the conduct of its affairs over the past year. We thank you our members, for the confidence that you continue to place in us as we strive to serve the COK Sodality Co-operative Credit Union Limited.

DISCUSSION OF BOARD OF DIRECTORS' REPORT

Mr. Garth O'Sullivan stated that for so long the Credit Union has been struggling and it was now full-time to make a surplus so the members can earn a return on their hard earned money invested in the Credit Union. He said the Credit Union in 2015 can become viable by providing a serious venture for ganja investment, which was now legal; by helping poor farmers who are interested in planting the medical herb to find money at a good rate.

Mr. Michael Burke mentioned that as a COK Sodality's representative to the Jamaica Fishermen Co-operative Union Ltd., he suggested to them to try and have their own property, including the one in Montego Bay, which they could use to start renting as a small hotel, and so provide employment for its members. He said efforts should be made to assist the Fishermen Co operative Union to get their land titles so they can start getting into the hotel industry. It is important for the Credit Union to more aggressively leverage the relationship with the fishermen. He further suggested that every Credit Union should have a separate employment agency; and persons who gain employment must save in the Credit Union each month which would help to supply a surplus.

Mr. Michael Martin enquired what were the challenges being experienced with the Know Your Member requirement. Mrs Mighty explained that there were a number of persons in the database whose information was insufficient or outdated and as such no contact can be made with them, despite efforts being made for the last three years, to reactivate these accounts, utilising social media, the newspapers etc. As such there has been very little success in meeting this regulatory requirement for these members.

Mrs. Sheila Goulbourne asked if the Credit Union had any plans to accept pension cheques by facilitating lodgement to the Credit Union. It was pointed out that the Accountant General had made arrangement with certain financial institutions and post offices to encash these cheques; and the Credit Union was not included. She suggested that an approach should be made to the Accountant General to see whether COK Sodality could be included in the arrangement.

Mr. O'Sullivan expressed concern with collectors gaining access to delinquent members, particularly those in gated communities. He asked that the assessment of loans include a visit to these borrowers' addresses. He suggested also that the Credit Union seek the assistance of the police for bailiffs to gain access to these delinquent members' residences. He said not being able to collect from these delinquent members, and being asked to write-off their amounts, was affecting the Credit Union's surplus. He said it also would be helpful if the bailiffs were given a picture of delinquent members they are assigned to, as this would facilitate easy identification; as sometimes when they approach these persons they deny being the named person.

Mr. O'Sullivan suggested that the Credit Union recommence having training seminars for the bailiffs and collectors. This training would help to refresh their memory on how they should perform. It would

also help to provide an opportunity to get feedback from them on the challenges being encountered when performing their duties; and discussion held how these challenges can be dealt with.

Mr. Sean Hunter asked how the membership will be advised of the increase in Permanent Shares to \$3,000. Mrs. Mighty explained generally multiple channels are used to communicate the changes and activities being done, such as our website, telephone calls, text messaging, emails, the press, and the electronic media. She said the members are constantly being asked to update their personal information so the Credit Union can keep in touch with them.

Mr. Hunter expressed concern that the Credit Union Movement had moved away from its core values of "Not for charity but for service", that of catering to poor people, but was operating like a bank. The members he said were going to the bank which was offering lower interest rates on loans and better service. He said the Credit Union should look at how it can provide low interest rates on loans to benefit the members.

Ms. Anglin pointed out that the Management had put in place a Member Experience Unit to improve the service; and there had been improvement. She said the Board is very strong on maintaining the Credit Union's philosophy. She said she was depending on the members to help to point out where we were not succeeding and how we can improve.

Mr. Victor Nugent enquired whether the Credit Union could provide a product to cater to the development of the Bath Fountain and the Milk River Spas to promote as a tourist attraction, as both were up for divestment. Ms. Anglin stated that it was something that could be discussed in a forum to facilitate the germination of the idea and the implementation of a programme to help to move in that direction.

Ms. Anglin thanked everyone for their participation in the deliberations and closed this segment of the meeting.

The motion for the adoption of the Board of Directors' Report was moved by Mr. Errel Crooks and seconded by Mr. Robert Newsome. The motion was unanimously carried.

TREASURER AND AUDITOR'S REPORTS

The motion for the Treasurer's Report to be taken as read was moved by Mr. Courtney Wynter seconded by Mrs. Emma Thomas.

OVERVIEW

The Treasurer, Mr. Steadman Pitterson in presenting the report indicated that the effects of the National Debt Exchange, implemented in February 2013, continued to have a spin off effect on those who are indebted to the Credit Union, which had resulted in the significant provision for Bad Debt of \$75M that was experienced in 2014.

Despite this the Credit Union made an operating profit of \$25M before audited provisions of \$59M for Accounts Receivable; the writing down of our investment in MoneyMasters Ltd. was \$8.4M and a loss in our Remittance Company of \$2.1M. After applying all these, the Credit Union made a business operating loss of \$44M. He indicated that the Credit Union continued to operate in a challenging economic environment, however with tight cost containment the increase in operating expenses year over year was kept below the inflation rate. Expenses increased by \$23M over the comparative period, albeit below the inflation rate and below the 2014 budgeted spend.

PERFORMANCE

He said despite these losses, the 2014 financial year ended with some positive achievements as the loan portfolio grew by \$539M to close the year at \$5.165B. Saving deposits grew by \$250M to close the year at \$4.399B. There was also a \$28M growth in Permanent Shares. The Credit Union also achieved Interest Income from loans of \$678M against the budget of \$696M. Interest Income from investments of \$149M was achieved against a budget of \$138M. The Operating Expenses were \$817M against the budget of \$828M. The investment portfolio at December 2014 decreased to \$1.8B, this was due to the deliberate strategy to shift the asset mix to loans.

COLLECTIONS

The Treasurer pointed out that there were some areas in which the Credit Union did not meet expectation. The Credit Card income was \$13M against a budget of \$21M. There was also Bad Debt provision of \$133M against the budget of \$60M. The Non-interest Income was \$276M against the budget \$329M. Bad Debt recoveries achieved were \$33M against the budget of \$66M.

GROWTH

Loan disbursements at the end of the year were \$2.62B. The portfolio grew significantly to \$5.1B over last year's figure of \$475M. The shares portfolio at 2014 was \$2.190B. Savings moved to \$4.307B from \$4.062B. Permanent Shares also showed an increase of \$20M. The Credit Union's Total Assets grew to \$7.524B in 2014, increasing from \$7.124B in 2013.

DEBT MANAGEMENT

Delinquency though not at the levels we would like, has seen a consistent reduction over the last three years; moving down to 9.1% in 2014. Over the last four years significant improvements were realised for Bad Debt recoveries, where \$189M was collected for the period 2011 - 2014 compared to \$51M collected in the preceding four years.

The Credit Union made provisions of \$133M in 2014; as the year proved to be a challenging one for Bad Debt provisioning, due to several hardcore large accounts that were not regularised and for which the Credit Union was not successful in disposing of the pledged properties during the financial year. During 2015 attempts would continue to dispose of these properties. The Credit Union would aggressively pursue all creative ways to address delinquency.

THE WAY FORWARD

Mr Pitterson indicated that the strategic objectives of the Credit Union for 2015 financial year were to:

- grow the loan portfolio by \$572M.
- increase savings to fund loan growth.
- reduce the delinquency ratio to an acceptable target of 6%
- increase recoveries from bad debt by 52%.
- increase the interest income by 10%.
- maintain operating expenses within or below inflation and continue the trend of spending less than budget.
- improve the capital adequacy rate above the PEARLS benchmark of 8%.

Mr Pitterson said the Credit Union would be diligently looking at other investment vehicles and low risk structured financing opportunities to boost its income. The Credit Union remained committed to providing financial assistance to its members in a cost effective and efficient manner. It was a safe repository for savings, and despite the hard times and the fragile environment in which it currently operates, we remain positive in our ability to play an important part in fostering financial independence and creating wealth for our members. We have continued to provide opportunities for you our valid members to achieve your financial goals.

At this point, the Treasurer invited Ms Soan Madden from the auditing firm, KPMG to read the Auditor's Report. Ms Madden stated that the firm audited the financial statements of COK Sodality Co-operative Credit Union Limited and its subsidiaries and it was the opinion of the auditing firm that proper accounting records and financial statements were duly vouched and in accordance with the International Financial Reporting Standards and the Co-operative Societies Act.

CONCLUSION AND ACKNOWLEDGEMENT

In concluding the report, the Treasurer thanked the Management and Staff of the Credit Union for remaining steadfast in their duties to the organisation. He thanked the cadre of Volunteers who unselfishly gave of their time and talent, and were forthcoming with ideas and suggestions about improving the Credit Union. He extended special thanks to the Department of Co-operatives and Friendly Societies and the Jamaica Co-operative Credit Union League for their guidance and support during the year. He thanked the Auditors, KPMG for completing the audit in a timely manner. He expressed gratitude to the members for their continued support of the Credit Union and for the opportunity given to him to serve in the capacity.

DISCUSSION OF THE TREASURER'S REPORT

Mr. Michael Burke suggested that the JCCUL lobbies for an international co-operative fund from the World Council of Credit Union (WOCCU) to help countries in which credit unions operate so they are able to overcome some of the challenges being experienced.

There being no further questions or comments, Mr. Errel Crooks moved the motion for the adoption of the Reports seconded by Mr. Donald Blackwood. The motion was unanimously carried.

REPORT OF THE CREDIT COMMITTEE

The motion for the Credit Committee's Report to be taken as read was moved by Mr. Errol Beckford and seconded by Mrs. Jacqueline Daley.

PERFORMANCE HIGHLIGHTS

The Chairman, Mr. Rohan Townsend in presenting the report indicated that COK Sodality operated in a very challenging economic environment in 2014, which was no different from the previous year. Despite the tight economic conditions however; the Credit Union was able to achieve a reasonable performance for 2014, with loan disbursement achieving 93% of the target; and the loan portfolio growing by 12%.

There was growth of over 100% in six of its loan products, which included motor vehicle, debt consolidation, secured and unsecured and mortgages. Motor vehicle which was 23.15%, home equity 19.3%, mortgages, and mortgage refinancing 17.62% jointly accounted for over 60% of the portfolio.

CREDIT COMMITTEE ACTIVITIES

The Credit Committee held meetings on a fortnightly basis to adjudicate on loans and to review existing loan accounts. The reviews were intended to strengthen the credit risk management process and were primarily geared at determining:-

- The adequacy of our credit policies and procedures for the granting of loans.
- Whether loans that were granted were being managed in accordance with the credit policies and procedures.
- The status of security held to ensure that same were perfected and can be readily enforced in the event of default.

OUTLOOK

Mr. Townsend said the outlook for COK Sodality remained positive reflecting the dual impact of internal changes as well as the expected improvements in the broader macroeconomic environment. The central focus of the Credit Union was on further rationalising and improving its delivery of services which would directly and indirectly improve the bottom line and contribute to the process of restoring the organisation to its number one position in the local Credit Union Sector.

He said the Committee is mindful of the fact that loans must be processed speedily, but this also has to be countered against the fact that loans have to be properly appraised to ensure they are good quality loans.

He mentioned that the Credit Union has been embarking on some initiatives to improve service delivery such as the centralisation of the credit underwriting process, securities and disbursement functions as well as special promotions to drive loan demand. The ultimate success of these strategies will be a function of improvement in the broad economic conditions, particularly at the micro level where COK's membership was; and highly concentrated target marketing efforts.

ACKNOWLEDGEMENT

In concluding the report Mr. Townsend expressed thanks to the Members, Board, other Volunteers, Management and Staff for their assistance and support during the year 2014.

DISCUSSION OF THE CREDIT COMMITTEE REPORT

Mr. Michael Martin enquired whether the Committee was satisfied with the level of the loan assessment process and whether there was any area for additional investment in resources by the Board to bring about any improvement. Mr. Townsend responded that the established acceptable level had been reached; and with ongoing training, as persons develop the necessary skills, then further improvements would be seen. The Board he said has been investing continually in the improvement of persons who were responsible for the credit process.

There being no further questions the Report was

accepted on a motion moved by Ms. Pauline Bailey and seconded by Mr. Arnold Breakenridge. The motion was unanimously carried.

REPORT OF THE SUPERVISORY COMMITTEE

The Report was taken as read on a motion moved by Mr. Garth O'Sullivan and seconded by Mr. Rohan Townsend.

OVERVIEW

The Chairman, Ms. Herma Walker in presenting the report stated that the Supervisory Committee, supported by the Internal Audit Department carried out its mandate by examining the affairs of the Credit Union periodically. The Committee also reviewed and deliberated on investigations conducted into members' complaints affecting the proper running of the Credit Union.

ROLE AND RESPONSIBILITIES

Ms. Walker stated that the Committee's mandate was to determine the extent to which the Management and Staff undertake their respective functions in accordance with the policies and rules laid down by the Board of Directors, and the Co-operative Societies Act. The Committee, she said discharged its responsibility to the general membership by conducting regular reviews of the operations of the Credit Union and provided monthly reports of their findings and recommendations to the Board of Directors and Management.

AREAS OF FOCUS FOR 2014

During the year the Committee reviewed the operations of the Credit Union and made recommendations for improvement where necessary; the implementation of which resulted in improvements in the Credit Union's activities thereby reducing the risk of loss to the organisation.

The Committee members attended various meetings being held by the organisation, where with other volunteers deliberated and made decisions on very important issues affecting the Credit Union. Additionally, Committee members participated in training seminars scheduled by the Credit Union.

RECOMMENDATION

In closing Ms. Walker encouraged the members to take full advantage of the facilities which were available to them to provide feedback on the services offered; as this would assist the Management in determining the strategies to be employed to improve the delivery of service to the members.

ACKNOWLEDGEMENT

Ms. Walker expressed thanks to the Members, Board, other Volunteers, Management and Staff for their

assistance during the year 2014.

There being no questions or comments the Report was adopted on a motion moved by Mr. Errel Crooks and seconded by Mr. Courtney Wynter. The motion was unanimously carried.

REPORT OF THE EDUCATION COMMITTEE

Mr. Al Chambers presented the Report which was taken as read on a motion moved by Mrs. Emma Thomas and seconded by Mr. Errel Crooks.

Mr Chambers indicated that the Education Committee has responsibility to educate the COK members, develop, organise and evaluate educational programmes for the organisation's needs and to administer the various scholarships offered by the Credit Union.

Mr Chambers stated that to fulfil its responsibility the Committee conducted meetings throughout 2014 to deliberate on various issues; and the details were outlined on pages 55 and 56 in the Annual Report.

The report was accepted on a motion moved by Mr. Garth O'Sullivan and seconded by Mr. Errel Crooks. The motion was unanimously carried.

REPORT OF DELEGATES TO THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE (JCCUL)

Mrs. Jacqueline Mighty presented the Report which was taken as read on a motion moved by Mr. Garth O'Sullivan and seconded by Mrs. Emma Thomas.

Mrs. Mighty stated that the Jamaica Co-operative Credit Union League's 73rd Annual General Meeting was held May 15 - 18, 2014 at the Hilton Rose Hall Hotel & Spa in Montego Bay; under the theme "Credit Unions Unite for Good...A Better Way". Approximately 150 delegates and observers were in attendance.

Mrs. Mighty advised that the details of the meeting were outlined on page 53 of the Annual Report.

There being no questions or comments the Report was adopted on a motion moved by Mr. Garth O'Sullivan and seconded by Ms. Jacqueline Daley.

REPORT OF THE DELEGATES TO THE JAMAICA FISHERMEN CO-OPERATIVE UNION (JFCU)

Mrs. Mighty presented the Report which was taken as read on a motion moved by Ms. Philippa Beckford and seconded by Mr. Michael Martin.

Mrs. Mighty mentioned that the JFCU's Annual General Meeting was held at the Medallion Hall Hotel, Kingston on March 12, 2014. COK Sodality's delegates Messers. Neville Rhone and Michael Burke were in attendance.

Mrs Mighty stated that the details of the meeting were outlined on page 54 in the Annual Report.

There being no questions or comments the Report was adopted on a motion moved by Mrs. Claudine Scott and seconded by Ms. Lisa Barrows.

PROPOSAL FOR FIXING THE MAXIMUM LIABILITY TO 31ST DECEMBER 2015

In keeping with Rule 70, it was proposed that the Maximum Liability to the 31st December 2015, be set at \$7.8B, being 12 times the 2014 total capital, inclusive of Deferred Shares of \$300M, which was projected at \$651M.

This was adopted on a motion moved by Mr. Steadman Pitterson and seconded by Mr. Courtney Wynter. The motion was unanimously carried.

ELECTIONS

The Report of the Nominating Committee was taken as read on a motion moved by Ms. Phillipa Beckford and seconded by Mrs. Emma Thomas.

The Elections, as per Rule 65(iv)a, were presided over by Mrs. Sonia Smith of the Department of Co-operatives and Friendly Societies. Mrs. Smith advised that the Nominating Committee met in accordance with Rule 65(i) and the selection of persons who were recommended for the Board, the Credit Committee and the Supervisory Committee and other Co-operatives were stated. The selections were presented to the meeting as follows:-

Board of Directors (For 2 years)

- Ms. Carol Anglin
- Mr. Steadman Pitterson
- Mrs. Debbie-Ann Gordon Crawford
- Mr. Deryke Smith
- Mr. Trevor Blake
- Ms. Marjorie Shaw

The following persons were nominated to the Board of Directors from the floor:-

- Mr. Sean Hunter - moved by Mr. Michael Burke and seconded by Ms. Beverley Jones.
- Mr. Courtney Wynter - moved by Mrs. Carol Williams and seconded by Mrs. Jacqueline Daley.

The members voted by secret ballot and the persons recommended by the Nominating Committee were elected.

Credit Committee (For 2 years)

- Mr. I. Errol Gregory
- Mrs. Jacqueline Lloyd Carter

- Ms. Catherine Gregory
- Mr. Ralston Hyman
- Mr. Rohan Townsend
- Ms. Sharon Usim
- Mr. Patrick Galbraith

They were unanimously accepted on a motion moved by Mr. Errel Crooks and seconded by Ms. Dianne Fraser.

Supervisory Committee (For 1 year)

- Ms. Herma Walker
- Mrs. Jacqueline Daley
- Mrs. Carol Williams
- Mr. Arnold Breakenridge
- Mr. Clive Medwynter
- Ms. Charmaine Newsome
- Mr. Alston Reid
- Ms. Vinnate Hall
- Ms. Phillippa Edwards

They were unanimously accepted on a motion moved by Mr. Michael Burke and seconded by Mr. Carl Records.

Delegates to JCCUL (For 1 year)

- Mrs. Jacqueline Mighty
- Mr. Steadman Pitterson

Alternate Delegates

- Mr. Christopher Robinson
- Ms. Carol Anglin

Jamaica Fishermen Co-operative Union

- Mr. Neville Rhone
- Mr. Michael Burke
- Mrs. Jacqueline Mighty

Jamaica Co-operative Insurance Agency Ltd.

- Mr. Christopher Robinson
- Mrs. Jacqueline Mighty

They were unanimously accepted on a motion moved by Mr. Errel Crooks and seconded by Ms. Thelma Williams.

The Chairman congratulated the elected representatives and thanked the retirees for their contributions over the years.

The Chairman thanked Mrs. Sonia Smith for conducting the elections.

RESOLUTIONS TO AMEND COK SODALITY RULES

The Chairman advised that the Resolutions were circulated. She explained that the Resolutions to Amend the Rules require 75% or three quarters of those who are present in the room, to vote.

The Resolutions were taken as read on a motion moved

by Mr. Courtney Wynter and seconded by Mr. Edward McKoy.

The Chairman led the meeting through the Resolutions to be voted on.

Mr. Michael Burke sought clarification as it relates to Expulsion of a Member; as to the process to be followed; and would such a member not require care and attention. He was advised that the case would have to be presented to the Annual General Meeting to be voted on before the member is expelled. Mrs Gordon Crawford explained that the Mental Health Act governs the medical state of a person of unsound mind. She said within the Credit Union Movement the Nomination Form becomes operative on the death of the member.

However, a Power of Attorney can be used during life to nominate another to act on behalf and conduct the affairs on the member's behalf. When the member becomes of unsound mind thereafter you cannot use a Power of Attorney. It would require a court order at that point for a beneficiary to be ordered to take control of the affairs and to care for the member. So the Credit Union would then only act on an order of the court, unless the Power of Attorney was prior to.

When put to the vote the Resolutions were carried on a vote of 215 For; 1 Against and 7 Abstentions.

(The Resolution to amend the Rules is attached and forms part of these Minutes).

Resolution to Transfer Funds for Permanent Shares

The Chairman advised that the Resolution was circulated. She explained that it required a simple majority to pass the Resolution.

The Resolution was taken as read on a motion moved by Mr. Courtney Wynter and seconded by Mr. Trevor Blake.

The Chairman led the meeting through the Resolution to be voted on.

When put to the vote the Resolution was carried on a vote of 138 For; 1 Against and 11 Abstentions.

(The Resolution to Transfer funds for Permanent Shares is attached and forms part of these Minutes).

ANY OTHER BUSINESS OPPORTUNITIES FOR GROWTH

Mr Victor Nugent commented that given the economic environment in which the Credit Union operated over the last 12 months he would like to commend the Credit

Union, even though it did not achieve a surplus. He noted that the commercial banks, the way in which they were operating present the Credit Union with huge opportunities for growth, especially in the areas of pensions and other new products.

He commented further that the Credit Union should do things differently, seizing the opportunities which exist in the marketplace to grow the business, as persons were not happy with the service offered to them by the commercial banks; and they would gravitate to the Credit Union to do their business.

The membership had made some suggestions which would be taken on board; and were encouraged to send in their other ideas via the suggestion box, mobile App, or COK Chat.

CHEQUE CLEARING HOUSE FACILITIES

Mr Errel Crooks pointed out that there had been repeated requests made for the Credit Union League to lobby the Bank of Jamaica for Credit Unions to utilise the cheque clearing house facilities so that pensioners and others could receive their cheques from their Credit Unions and not the bank, but nothing had happened.

Ms. Anglin said she had been advised that when the Bank of Jamaica Credit Union Regulations are passed, and they have supervision of credit unions then the matter could be considered. However the issue would be raised at the next meeting with the JCCUL and the BOJ.

FOREIGN CURRENCY ACCOUNTS FOR CREDIT UNIONS

Mr Errel Crooks raised the point as to when would the Credit Union operate a foreign currency account. Ms. Anglin responded that approval was sought from the BOJ for this but the request was denied. She said COK Sodality operates a Cambio which facilitates the purchase and sale of foreign exchange. However when the Credit Union BOJ Regulations are passed Credit Unions would be considered for such accounts on Credit Union by Credit Union basis. Mrs Mighty indicated that foreign exchange savings or investments transactions can be done through the JCCUL investment company; and contact can be made with COK Sodality who can make the arrangement for the member.

ACKNOWLEDGEMENT

Ms. Anglin thanked everyone for coming and for their participation in the 48th Annual General Meeting. She also thanked the recording secretaries, management and staff for organising the AGM. She said annual general meetings were important for the proper governance structure of any organisation, and in the case of a Credit Union it was where democratic responsibility, equality,

equity and solidarity were exercised by the members who were its owners. She asked them to continue to be vocal in monitoring all aspects of the Credit Union's performance, as all must play their part to drive the achievements of the Credit Union.

TERMINATION

The meeting terminated at 5:40pm on a motion moved by Mr. Victor Nugent and seconded by Mr. Donald Blackwood.



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Carol Anglin (Ms.)
PRESIDENT



Mr. Michael Lewis
VICE PRESIDENT



Christopher Robinson (Mr.)
SECRETARY



Steadman Pitterson (Mr.)
TREASURER



Karen Asher-Osbourne (Dr.)
ASST. SECRETARY



Deryke Smith (Mr.)
ASST. TREASURER



Marjorie Shaw (Ms.)
DIRECTOR



Debbie-Ann Gordon-Crawford (Mrs.)
DIRECTOR



Albert Morris (Mr.)
HONORARY DIRECTOR



Trevor Blake (Mr.)
DIRECTOR



Orville Christie (Mr.)
DIRECTOR

The Board of Directors of the COK Sodality Co-operative Credit Union Limited presents to you, the members, the Annual Report for the year 2015.

The Board and Management continued the implementation of the final phase of the five-year strategic plan, which focused on consolidating operating efficiency and effectiveness; market push for growth and margins; and that of turning around the Credit Union by the end of 2015. During this period the Credit Union sought to strengthen its capital base for the provision of more enhanced services to satisfy the ever-changing and increasingly complex needs of our members.

The five-year period was characterised by significant volatility, uncertainty and risk in the global and domestic environment in the first three years (2011-2013); followed by positive outturn for the global and local economies which were substantially realised. However the favourable reviews received under the International Monetary Fund's (IMF) Extended Fund Facility (EFF) did not redound to creating significant growth; hence there were currency devaluation, continued wage restraints, fiscal tightening leading to slow growth and a fierce competitive environment in 2014. During the final year (2015) of the five-year plan, the Jamaican economy recorded growth of 1.3%, lower levels of inflation, reduction in interest rates, growth in the Gross Domestic Product (GDP) of 0.8% as well as increased confidence in the economy and the country's improved ranking in the Global Doing Business Index. However, while Jamaica's economic variables were improving, reinforced by increased levels of local and foreign investments, Jamaicans had less disposable income to deal with their financial obligations thus posing challenges with our loans, investments and savings.

For the year under review, members not repaying their loans impacted our Credit Union negatively. This demanded much more of the Board and the Management as we sought to strategically make the necessary adjustments, while strengthening the balance sheet, growing the core business activities, creating a more member-centric, operationally efficient and profitable entity. This meant that our Credit Union had to allocate much more than budgeted to provide for members' delinquent loans. Hence, for 2015, the provision for delinquent loans was 6% above budget. This line item in the Credit Union's financials denied us a profit for the calendar year and contributed significantly to the year's loss of \$17.6M.

MoneyMasters Limited, COK's associate company in which it owns approximately 20%, contributed \$3.3M to the loss for 2015. COK's Remittance Company a wholly-

owned subsidiary, while improved year on year, made a loss of \$56,000 for the calendar year.

The Board introduced a number of initiatives to enhance our retail core business which were implemented to retain, as well as improve our Credit Union's market share in loans, savings, assets and membership. Consequently our Board approved:-

- Lower interest rates for new as well as used motor vehicles.
- The launch of a reactivate and save initiative.
- A 48-hour loan sale - the first in the financial industry.
- Establishing a Member Experience Unit to focus on addressing member service issues.
- Centralizing Credit into a Unit designed to improve the quality and timeliness of loan processing.
- Merging the Sales & Marketing Departments.
- Launching the "Built Around You" Programme to link specific products and services to members' needs.
- Expanding the Micro Finance Unit operations to meet the needs of our members – micro officers were stationed in all branches, including opening satellite office in Ocho Rios to facilitate the Micro Finance business in that area.
- Relocating Montego Bay Branch Office to a more spacious and aesthetically appealing location with an ATM located at that Branch.
- Holding of the Credit Union's inaugural Health, Wealth & Wellness Fair.

For the year under review our Credit Union performance target recorded growth in:-

- Total Assets by 4% or \$326M to close at of \$7.8B.
- Savings by 5% or \$313M to close at \$6.8B.
- Net Loan Portfolio by 4% or \$190M to close at \$5.36B.
- Permanent Shares rose by approximately \$91.6M to close at \$500.6M.

While the year's performance targets were not achieved as:-

- Operating Expenses increased over the previous year by approximately 7% which was in line with inflation.
- Loan Disbursements of \$2.51B was approximately 4% less than the amount disbursed in 2014.

The Credit Union's loans portfolio grew to \$5.52B for the year as a result of the promotions of four main loan types – motor vehicle, debt consolidation, FAST loan and the 48-hour combo loan sale.

OPERATIONS SALES & MARKETING, MEMBER EXPERIENCE & BUSINESS DEVELOPMENT

The tight economic and fiscal space in which Jamaicans

had to operate and its impact, demanded that our Board search for innovative approaches to assist the members to satisfy their needs while ensuring a financially sound Credit Union. Therefore through commissioned surveys and your feedback from a number of fora held during 2015, some of your ideas were implemented, such as the:-

- Special rates on Fixed Deposit and Loan Products.
- COK in the Streets & Community Invasions.
- Public launch of the Credit Union's Micro Business.
- Three Church Services held across Jamaica - Eastern, Central and Western.
- Hosting of four Members' Meetings and one Members' Bingo event.
- Five community Labour Day projects aligned to COK Branches across Jamaica.
- Launch of the "Built Around You" Programme.

MICRO FINANCE UNIT

In August 2015, we made a strategic decision to expand our Micro Finance Unit to allow for more members and potential members to have access to the services provided under this Unit.

The inaccessibility of commercial banking loan services among the poor and especially amongst the self-employed had created a market for the micro business in Jamaica; and in particular a diversification of loan products to make the offerings more attractive to this niche market.

The huge market demand for small amounts of quick loans was reflected by the success of the many named prominent, private, unregulated money lenders in Jamaica.

Between August and December 2015, the Micro Finance Unit:-

- Disbursed approximately 70% of the total

disbursements for Micro Loans.

- Grew their loan portfolio by 131% to \$265.9M.
- Increased savings by 130% to \$64.4M.

The performance of our wide range of products is shown in Appendix I and Table 1 highlights the key operating statistics that measure the effectiveness of our Marketing efforts in 2015.

COMMUNICATION & IMPROVED SERVICE TO MEMBERS

Our Board having committed to improving communication and service delivery to our members established as part of a long term operational plan the following in 2015:-

- In January, a Member Experience & Service Excellence Unit was charged solely with the responsibility of ensuring that member-satisfaction is increased significantly. This Unit was kept busy during the year as it sought to work with the members and their individual concerns.
- In February, a Centralized Credit Unit whose primary objective was to improve turnaround time for loan assessment, approval and disbursement was established. As with all new systems we experienced teething pains, however by the end of 2015 we began to experience movement in the right direction where some loan types had begun to have an improved turnaround time.
- Merging of the Sales and Marketing Departments to deliver to COK Sodality's internal as well as external members improved communication during the year under review. This new department used multiple channels to keep our stakeholders informed. Print and electronic media, e-mails, text/SMS messages, letters, telephone, Facebook, Website, COK's APP, COK's Chat and the newly established Instagram Page,

TABLE 1
SUMMARY OF COK'S KEY OPERATING STATISTICS OF OUR MARKETING EFFORTS IN 2015

Categories	Balance as @ 31/12/13	Balance as @ 31/12/14	Balance as @ 31/12/15	Change (\$) 2015 vs 2014	Change (%) 2015 vs 2014
Assets	\$7.12B	\$7.5B	\$7.8B	\$300 M	4%
Savings (Deposits & Voluntary Shares)	\$6.25B	\$6.50B	\$6.92B	\$420M	6.4%
Investments	\$1.85B	\$1.75B	\$1.79B	\$ 40M	2%
Loan Repayments	\$2.19B	\$2.10 B	\$2.13B	\$ 30M	1%
Loan Portfolio	\$4.63B	\$5.17 B	\$5.36B	\$190M	4%
Loan Disbursements	\$2.66B	\$2.62B	\$ 2.50B	(\$ 120M)	(5%)
Membership	257,618	264,025	267,140	3,115	1%

flyers and brochures as well as members' meetings were used to keep our members updated and informed.

Income from sale of collaterals held against charged-off or delinquent loans under-achieved in 2015, amounting to \$29.2M (\$33.2M in 2014).

CORPORATE SOCIAL RESPONSIBILITY

COK Sodality takes Corporate Social Responsibility seriously as its mission is to improve the well-being of its members and the wider community. During 2015 our Credit Union assisted our members and others in the wider community, in the areas of Agriculture, Education and Sports.

Our activities during the year included:-

- Labour Day and community projects. Each of our five branches was engaged in specific community and Labour Day projects. In addition to providing well needed funds and labour for these projects, the initiatives created good visibility for our Credit Union.
- Sponsorships and donations given to schools ranging from Basic to High, 4H clubs and local as well as Under Nineteen Regional Cricket and Community Domino Tournaments.
- Scholarships: Twenty-eight Scholarships and two Grants at an approximate value of \$823,000 were given to members and children of our members attending local educational institutions ranging from Basic to Tertiary level. Our Education Committee, a sub-committee of the Board had responsibility for this area and has provided details in its annual report to the membership.

PRUDENT MEASURES

STRENGTHENING THE CAPITAL BASE

For 2015, Permanent Shares of \$91.6M (\$28.4M in 2014) was collected representing contributions from new and existing members and the continuous drive to improve member-compliance. This brought the Permanent Shares Portfolio Balance, at the end of December 2015, to \$501M, an increase over the \$409.0M at December 2014. Consequently the special drive to strengthen the Credit Union's capital base will continue as an ongoing exercise as we try to increase compliance with Permanent Shares by the end of 2016.

DELINQUENT LOANS

The Board through its Debt Management Committee (DMC) and Management via the Debt Management Unit (DMU) provided oversight and monitoring of this very crucial area in our Credit Union's operations.

At the end of the 2015 reporting period the level of delinquency was 9.53% (9.10% in 2014) against an end of year target of 6%. The delinquent portfolio increased year-over-year from approximately \$480M to \$527.4M and the level of provisioning for Bad Debts increased year-on-year by approximately \$14.4M (\$16.7M in 2014) as the delinquent loan portfolio increased.

CHARGED-OFF LOANS

Accounts that were in arrears for a period in excess of 365 days and for which the accounts reflected a 100% provision for the debts were recommended to the Board by the Management for charge off. In keeping with our current Rules, (Rule 38 (i) l) which states that all such charged-off loans must be reported to the next Annual General Meeting by the Board of Directors, we hereby present that these loans, totalling approximately \$106.5M at December 31, 2015, were approved by the Board of Directors as Charged-Off Loans. These loans will continue to be managed for collections but will no longer be included as part of the current loans portfolio. Of note, during the year, \$29.2M was collected from loans which were charged-off in previous years.

HUMAN RESOURCES

In 2015, the Credit Union as part of its strategic imperative to be an organisation of choice offering more opportunities and real career progression for its human capital as well as enhancement of its relationship management between all its stakeholders redefined customer service by matching the Staff to Members and to each other as part of its ongoing programme to be best in class. The Credit Union continued its organisation-wide training and development to include shared experiential learning in its attempt to develop the best talent for our member-relationship management. This resulted in a permanent pool of knowledgeable, innovative and member-focused team being fully equipped to meet the changing demand of our growing membership and stakeholders.

We also focused on improving the knowledge-base of our volunteers through more structured online training and development thus ensuring that the minimum training requirements were met by all.

STAFF

There were 269 persons employed to the organisation at the end of December 2015 broken down as follows:-

Permanent Staff	116
Contracted/Temporary Staff	148
H.E.A.R.T. Trainees	5

In August 2015, a strategic decision was taken to expand our Micro Finance operations as there was need to provide this service to a significant portion of our members. This expansion involved the addition of sixteen persons to the organisation, between August and December 2015.

VOLUNTEERS

After the last Annual General Meeting held in May 2015, the following persons were selected as Officers to serve the Credit Union:

President	- Ms. Carol E Anglin
Vice President	- Mr. Michael Lewis
Treasurer	- Mr. Steadman Pitterson
Assistant Treasurer	- Mr. Deryke Smith
Secretary	- Mr. Christopher Robinson
Assistant Secretary	- Dr. Karen Asher Osbourne

Appendix II shows all members of the Board and their attendance at meetings.

For the administrative year 2016/2017, the following volunteers have indicated their unavailability to continue to serve:-

- Mr. Christopher Robinson - Board of Directors
- Dr. Karen Asher Osbourne - Board of Directors
- Mr. Deryke Smith - Board of Directors

Mr. Al Chambers resigned as Director and Ms. Vinnate Hall, a long standing member of the Supervisory Committee, was appointed by the Board to replace him to finish his term of office.

We record our appreciation and pay tribute to all our volunteers who continue to give selflessly of their time, skills and knowledge on the Board, in various sub-committees and standing committees, to ensure that the Credit Union remains a viable, efficient and compliant enterprise whose work is carried out in accordance with the policies and guidelines. To those volunteers who will not be continuing their service for one reason or another we thank them wholeheartedly for their committed and dedicated service to the Credit Union and wish for them God's richest blessings in their future endeavours.

During the year, in addition to the death of Mr. Lloyd Black, Chief Business Development Officer, we had movements in management staff. We said goodbye to:

- Mrs. Trisha Thompson- Williams
Manager, Finance & Accounts
- Ms. Millicent Isaacs
Manager, Human Resource & Learning
- Mr. Hugh Campbell
Manager, Debt Management Unit

We welcomed:-

- Mrs. Marsha Cole-Hart
Manager, Human Resources & Learning
- Mr. Andrew Brown
Chief Financial Officer

WHOLLY-OWNED SUBSIDIARY AND ASSOCIATE COK REMITTANCE SERVICES LTD. (COKRS)

The COK Remittance Services Ltd. (COKRS) is a fully owned subsidiary of the Credit Union and operates as an agent for several remittance companies out of the United States of America, Europe, Canada and Haiti.

The Company expanded its local and international distribution network while increasing the promotion of its services. During the year (2015) a loss was recorded of \$56,000 (\$2.1M in 2014). This was due in part to the impact on the foreign exchange earnings as a result of decreasing transactions values, interruption in the Cayman Islands by the major players who exited the market due to pressure from banking service providers as well as the Money Laundering crackdown by the United States of America financial regulators.

There are strategies in place to further build out on the remittance business such as acquiring additional partners and an extensive branding campaign.

MONEY MASTERS LIMITED (MML)

Money Masters Limited (MML) is an associate of COK Sodality as a result of the Credit Union in August 2010 initially acquiring 25% of the company's ordinary shares. This equity was reduced to 20% in 2015. The Credit Union recorded in 2015 a loss of approximately \$3.3M (\$8.4M in 2014) due to the reduction in value of this investment.

The COK Sodality representatives on the Board of MML continue to be Messrs Trevor Blake and Christopher Robinson.

CORPORATE GOVERNANCE

During the year under review, the Board of Directors continued to place great emphasis on corporate governance and conducted appraisals of the operations of the Credit Union and its related Business Units through its monthly meetings and numerous sub-committee meetings such as Audit, Risk & Compliance, Finance and Policy, Asset Liability Management, Debt Management, Information Communication Technology, Nominating and Performance Management and Compensation.

The Board monitors and ensures compliance of the Credit Union and its related Business Units. These exercises afforded the Board the opportunity to, where necessary, approve and implement policies and procedures designed to improve the monitoring, controls and accountabilities within the Credit Union.

The Board of Directors will continue to work with Management to improve and strengthen the compliance infrastructure and processes of the Credit Union. It will also ensure compliance with regulations and regulators and will hold the practice of accountability high while

it develops and implements sound and appropriate strategies for positive growth. Once again, the Board must use this medium to appeal to our members to assist the Credit Union in its drive to achieve full compliance in the area of Know Your Member. We need you, our members, to update your information on the Credit Union's files. We appeal to you and encourage you to co-operate with us and update your information.

IMPENDING BANK OF JAMAICA (BOJ) CREDIT UNION REGULATIONS

The Jamaica Co-operative Credit Union League (JCCUL) is now awaiting the final BOJ Credit Union Regulations, which is before the Chief Parliamentary Council for final drafting, given that there have been agreement on all pending matters.

THE WAY FORWARD

The Board over the past five years had taken the necessary steps to recalibrate the Credit Union's balance sheet, adjust its business model and sustain a pipeline of innovations that resonated with our members' needs. Through these strategic thrusts we anticipate creating a better future for us as members. We will continue to be innovative, value-driven, member-focused and "Built Around You" - our members' wellbeing for the next five years and beyond. Going forward we want to solidify our position in the marketplace as we focus on:-

- People Empowerment - development of our human resources (employees, volunteers and wider membership) to attract and retain superior talents.
- Operational Excellence - enhancing management of processes and the procedures for timely and accurate delivery of products and services including a robust information technology infrastructure.
- Financial Success - improving long term viability and sustained surplus through capitalisation of the Credit Union, cost management and robust delinquency management.
- Stakeholder Value - being more member-centric, implementing a service charter in January 2016, expand our service delivery channels and increasing member education.
- National Impact - the conducting of all business activities to ensure that the Jamaican environment is impacted in real and sustainable way beginning with initiatives in the micro small and medium- sized enterprise sector through strategic partnership.

Specifically for the year 2016, our Board will focus on the theme "Collaborate and Grow" where all our stakeholders, especially our members will work together to deliver consistently strong results that will benefit and redound to all.

APPRECIATION

We must record our sincere appreciation to our dedicated and hardworking volunteers, management and staff, liaison officers, regulators, providers of professional services and all who have assisted the COK Sodality Co-operative Credit Union Limited in the conduct of its affairs over the past year.

We thank you, our members, for your loyalty, support and the confidence that you continue to repose in successive administrations over the past 48 years.

For and on behalf of the Board of Directors.



Carol E. Anglin
President



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HALF WAY TREE: Units 9 & 10, Winchester Business Centre, 15 Hope Rd., Kingston 10.

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APPENDIX I
OUR PRODUCTS AND SERVICES
1. PARTNER PLAN

PARTNER PLAN	2012	2013	2014	2015	Change in 2015
Members in Plan	2,633	2,547	2,567	2,947	15%
Value	\$85.44M	\$86.85M	\$89.85M	\$109.9M	22%

The Partner Plan which is one of the best-selling savings plan for our Credit Union has continued to experience steady growth since its introduction to our members. During 2015, a total of 7,868 plans matured for a value of \$407.6M and at the end of December there were 2947 members with a Fund Value of \$109.9M. These numbers represented increases of 15% and 22%, respectively, year-on-year. The Partner Plan, which is used by our members to save to meet short term financial obligations, pays a bonus based on the value of the hand contributed by members and their timeliness in making their contributions. Members can select savings period of 16, 24, 36 or 48 weeks and are paid bonus based on the table below:

WEEKS	CONDITIONS	REWARDS
16 weeks (4 months)	No more than ONE late payment	15% of weekly hand
24 weeks (6 months)	No more than TWO late payments	35% of weekly hand
36 weeks (9 months)	No more than THREE late payments	80% of weekly hand
48 weeks (12 months)	No more than FOUR late payments	150% of weekly hand

2. WEALTH MAXIMIZER

WEALTH MAXIMIZER	2012	2013	2014	2015	Change in 2015
No. of Members	172	158	133	121	-9%
Value	\$64.98M	\$60.78M	\$52.71M	\$48.61M	-8%

The Wealth Maximizer which is a tax sheltered plan, where members allow the principal or deposited amount to remain for 5 years, has been experiencing year-on-year decline. This is reflective of what is happening in the Jamaican economy where more investors are trending to shorter term instruments.

We believe the Wealth Maximizer will experience growth as market conditions improve and bring about a higher level of confidence in the Jamaican economy. This is an ideal plan for saving towards a major financial goal including retirement income.

The minimum deposit for the Wealth Maximizer Plan is \$25,000. Savings of up to \$1M per annum which remain in the plan for 5 years qualify for government's tax free benefit. This means no tax would be paid on the interest earned. While the principal or deposited amount(s) must remain in the plan for 5 years to receive the tax free benefit, members are allowed to withdraw up to 75% of the interest earned on a semi-annual basis.

3. FIXED DEPOSIT

FIXED DEPOSIT	2012	2013	2014	2015	Change in 2015
No. of Members	12,255	11,963	11,837	11,545	-2%
Value	\$2.76B	\$2.68B	\$2.69B	\$2.65B	-1%

The Fixed Deposit Portfolio has been experiencing fluctuating results over the last four years. For 2015 the number of members with Fixed Deposit Accounts declined as well as the value of the Fund. This performance, we believe, is as a result of the lowering of interest rates being offered on savings.

Members desirous of establishing a Fixed Deposit Account need to have a minimum of \$10,000 and may choose to save for 30, 90, 180 or 365 days.

4. COK PENSION PLAN

COK PENSION PLAN	2012	2013	2014	2015	Change in 2015
No. of Members	4,084	4,520	5,243	5,804	11%
Value	\$141.5M	\$185.6M	\$237.50M	\$304.4M	28%

COK's Pension Plan has been achieving steady growth year-on-year over the last four years. There has been growth in terms of new members as well as the value of the fund. For the production year 2015 the Plan experienced 11% and 28% year-on-year growth in members and fund value respectively.

COK's Pension Plan is opened to self-employed and contract workers who are not members of a pension plan as well as members employed to organizations where there are no pension plan for employees.

The COK's Pension Plan provides a structured way for members to accumulate income for retirement. Members can save up to 20% of their gross annual income and earn tax free benefit.

Normal retirement age, under the Plan, is 65 years for both male and female, however a member can apply for early retirement or late retirement. Early retirement is usually up to 10 years before normal retirement age while late retirement is usually 5 years after normal retirement age.

5. GOLDEN HARVEST

GOLDEN HARVEST	2012	2013	2014	2015	Change in 2015
New Members	2,554	1,911	3,027	2,698	-11%
Total Members	4,085	3,351	4,155	4,139	0%
Value	\$402.1M	\$411.7M	\$541.8M	\$610.2M	13%

The Golden Harvest Savings Plan which allows members to save for periods of 1 to 5 years and offers an attractive fixed interest rate is one of COK's best-selling plans. In 2015, while there were declines in new and total members with Golden Harvest Plans, there was an encouraging increase of 13% in the value of the Fund.

A special feature of this plan is the insurance component of up to \$4M that covers the savings of the members. The insurance feature is secured through CUNA Caribbean Insurance Jamaica Ltd (formerly CUNA Mutual) and paid for by COK as long as the member satisfies his/her contractual obligations.



6. FAMILY INDEMNITY PLAN

FAMILY INDEMNITY PLAN	2012	2013	2014	2015	Change in 2015
Members	6,406	6,801	7,546	7,888	5%

The Family Indemnity Plan (FIP) is a group insurance plan covering the member and up to five members of his/her family – maximum of six persons for one monthly premium. The FIP offers six plans with coverage ranging from \$80,000 to \$650,000 per member of the family for group monthly premiums ranging from \$422.40 to \$3,432 respectively. This is a Plan under which every family should be covered.

In 2015, 252 members or their dependents were the beneficiaries of approximately \$144.4M in pay-outs under this plan.

7. STANDING ORDER PAYMENTS

STANDING ORDER PAYMENTS	2012	2013	2014	2015	Change in 2015
Transactions	5,870	5,786	5,371	5,018	-7%
Institutions Paid	14	15	12	12	0%

On members' instructions, payments are made on their behalf to various institutions. This is a service to members which offers peace of mind for periodic payments. The figures shown above do not include FIP payments to CUNA Caribbean Insurance Jamaica Ltd.

8. COK XCHANGE – CAMBIO SERVICES

CAMBIO	2012	2013	2014	2015	Change in 2015
Amount Traded	US\$35.6M	US\$23.89M	US\$13.6M	US\$21.2M	56%
Earnings	J\$8.25M	J\$12.15M	J\$5.3M	J\$8.63M	63%

COK Cambio FX Trade analysis for the year 2015 showed an increase of 63% in profits when compared to 2014, despite the fact that the rate of the devaluation of the US Dollar vs the Jamaican Dollar slowed from 7.8% in 2014 to 5.7% in 2015. The increase in our trading volumes offset the slowed devaluation rate, which contributed to the increase in trading profits. Cambio services are available to both members and non-members at our five locations island-wide (Cross Roads, Half-Way-Tree, Portmore, Mandeville and Montego Bay). We offer our membership for their convenience, the opportunity to exchange all major currencies, send and receive wires and the issuance of drafts at competitive rates and world-class service.

9. COK REMITTANCE SERVICES

REMITTANCE (Sub Agent)	2012	2013	2014	2015	Change in 2015
No. of Transfer	29,940	33,664	49,066	39,642	-19%
Value	\$542.3M	\$722.2M	\$1.32B	\$1.09B	-17%

COK Sodality acts as an agent and sub-agent for various remittance services. Members and potential members may collect their money transfers from any of the 26 locations authorised to pay on our behalf. We have expanded the number of agents with whom we do business to include MoneyGram, Swift Cash, JMMB, Jamaica National, Money Exchange, Unitransfer, Caribbean Airmail and Ria.

APPENDIX II ATTENDANCE AT DIRECTORS' MEETINGS

NAME	POSITION	SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS EXCUSED
Ms. Carol Anglin	President	11	11	0
Mr. Michael Lewis	Vice President	11	7	4
Mr. Christopher Robinson	Secretary	11	9	2
Dr. Karen Asher Osbourne	Assistant Secretary	11	7	4
Mr. Steadman Pitterson	Treasurer	11	11	0
Mr. Deryke Smith	Assistant Treasurer	11	11	0
Mrs Debbie-Ann Gordon Crawford	Director	11	3	8
Mr. Trevor Blake	Director	11	8	3
**Mr. Al Chambers	Director	11	4	--
Ms. Marjorie Shaw	Director	11	7	4
Mr. Orville Christie	Director	11	10	1

** Resigned September 16, 2015



COK SODALITY COOPERATIVE CREDIT UNION LTD TREASURER'S REPORT FOR YEAR ENDED DECEMBER 31, 2015

OVERVIEW

During the year the government continued with its tight macro-economic policies and its relationship with the IMF. This had some positive effects since it resulted in improvement in the country's international credit rating, declining inflation and interest rates. The economy experienced marginal growth. This adversely impacted the Credit Union activities as investment income declined year over year by \$20M due to the declining interest rates. The adverse economic climate resulted in some members experiencing job losses; they faced challenges servicing their debt with the Credit Union resulting in provisions of \$100M compared to \$133M in the comparative period. This was further compounded by the Credit Union's inability to timely realize the securities pledged for the delinquent loans due to low demand arising from the seemingly over supply of real properties in the market.

Despite the challenging economy the Credit Union made a surplus of \$86M (2014:\$98M) before audited provisions. The significant provision of \$100M along with loss in the subsidiary of \$0.056M and the Credit Union share of \$3M in its Associate company's loss resulted in the Credit Union realizing a business loss of \$18M (2014: \$ 44M)

The Board and management continued to face these challenges head on and continued to demonstrate tight cost containment which resulted in the operating cost for the year being \$18M below the amount budgeted.

PERFORMANCE

Despite the loss of \$18M, the 2015 financial year ended with the Credit Union achieving a number of positive results which included:

- 7% growth in the Loan Portfolio - grew by \$347M vs. budget of \$491M to close at \$5.513B, (2014 - \$5.165B)
- 5% growth in Savings Portfolio - grew by \$314M vs. budget of \$236M to close at \$6.8B, (2014 - \$6.5B)
- 81% growth in Permanent Shares – grew by \$92M vs. budget of \$113M to close at \$500.6M.
- 95% achievement of interest income from loans - \$743M vs. budget of \$783M; shortfall of \$40M
- 99% achievement of interest income from investments - \$129M vs. budget of \$131M; shortfall of \$2M
- 98% containment of operating expenses - \$874M vs. budget of \$892M; savings of \$18M

There were however some areas that did not meet the budgeted targets set for the 2015 financial year and as

such impacted the financial performance negatively. These included the following:

- Bad Debt provisions were over budget by \$9M - \$100M vs. budget of \$91M
- Non-Interest income fell below projections by \$29M –\$303M vs. budget of \$333M. Recoveries from loans previously charged off was the main contributor as this fell below projections by \$22M, achieving \$29M against a budget of \$51M.

Our results in 2015 were also, as in 2014, impacted negatively by our inability to trade Government of Jamaica (GOJ) bonds held by the Credit Union. We were further negatively impacted by the declining interest rates on investments and tight liquidity which resulted in a competitive environment for savings deposits and lower net interest margins. Bad Debt provisioning and Recoveries from Charge-Off loans were two areas that posed significant challenges for us achieving our planned financial goals during the 2015 financial year. The Credit Union continues to review and closely monitor these areas and has implemented new and more robust strategies to help us to achieve the goals set as we move forward.

DEBT MANAGEMENT PLAN

As at the end of December 2015 the delinquency rate was 9.53% (2014:9.10 %). The Debt Management Unit was able to recover over \$29M (2014:\$33M) of the planned \$51M (2014:\$66M) through the continuous and aggressive pursuit of delinquent members.

A review of the loans disbursed in 2015 versus loans disbursed in 2014 identifies that we are making improvements in our assessment processes as more of the loans disbursed in 2015 remained in good standing at the end of 2015 when compared to those loans issued in 2014. (See table below).

	2014		2015	
	%	# of loans	%	# of loans
Loans not delinquent	91.10%	1677	93.28%	1699
Loans delinquent over 30 days	8.90%	105	6.72%	112
Loans delinquent over 60 days	6.02%	59	3.69%	65

This demonstrates that the steps being taken to improve the assessment of the loans, along with the other measures, including monitoring and early follow up of missed payments, are bearing fruits. We will continue to work these areas to ensure that the results improve. The Credit Union will continue to employ an aggressive

posture while seeking to improve the asset recovery process as it relates to acting expeditiously. Our efforts to improve delinquency management were boosted with the engagement, at year-end, of the largest debt collection agency in the Caribbean. We continue to strengthen the entire delinquency process to achieve greater efficiencies. We are cognizant of the fact that as a financial institution whose primary business is lending, bad debt provisions are part of our business, nevertheless we will continue to ensure that our processes are in line with best practices and that efficiency is ingrained in our way of life.

REMITTANCE

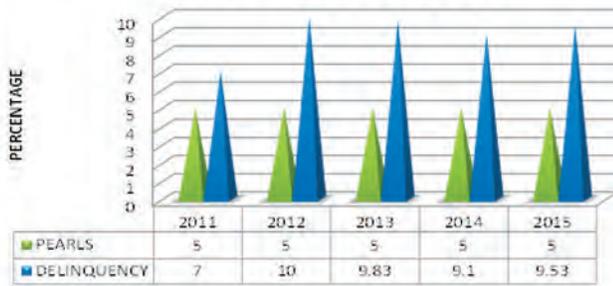
COK Remittance Company, a wholly owned subsidiary made a loss of approximately \$0.056M compared to a \$2M loss in 2015.

FINANCIAL PERFORMANCE 2011-2015



The Remittance Company's total assets declined by 7% when compared with 2014 to close at \$7.8M (2014:\$8.4M).

DELINQUENCY 2011-2015




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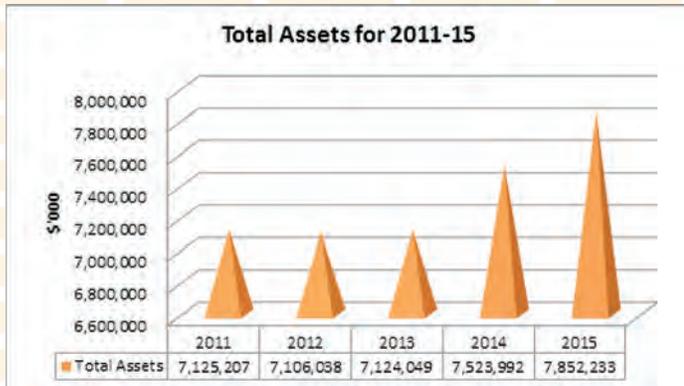
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The table below summarizes the results of the Credit Union operations for 2015 as compared to 2014.

ANALYSIS OF CHANGE IN INCOME & EXPENDITURE 2015 VS. 2014				
	2015	2014		
	\$'000	\$'000	\$'000	
Interest income:				
Loans to members	742,668	678,386	64,282	9.5%
Investments and deposits	129,605	149,196	(19,591)	-13.1%
Total interest income	872,273	827,582	44,691	5.4%
Interest expense:				
Members' deposits	183,341	175,841	7,500	4.3%
External credits	5,980	1,776	4,204	236.7%
Other financial costs	26,437	29,191	(2,754)	-9.4%
Total interest expense	215,758	206,808	8,950	4.3%
Net interest income	656,515	620,774	35,741	5.8%
Non-interest income:				
Fees	196,849	184,550	12,299	6.7%
Dividends on equity investments	-	506	(506)	-100.0%
Other income	106,415	108,462	(2,047)	-1.9%
Total non-interest income	303,264	293,518	9,746	3.3%
Gross margin before provisions & expenses	959,779	914,292	45,487	5.0%
Less Operating Expenses	(874,019)	(816,661)	(57,358)	-7.0%
Surplus for the year before provision	85,760	97,631	(11,871)	12.2%
Provisions:				
Allowance for loan losses	(89,011)	(57,331)	(31,680)	55.3%
Allowance for interest losses	(2,257)	(6,846)	4,589	-67.0%
Allowance for losses on other assets	(9,031)	(10,476)	1,445	-13.8%
Total provision	(100,299)	(74,653)	(25,646)	34.4%
(Loss)/ Surplus for the year before Exceptional Allowance	(14,539)	22,978	(37,517)	163.3%
Exceptional Allowance for losses on other assets	-	(58,782)	58,782	-100.0%
(Loss)/Surplus for the year After Exceptional Allowance	(14,539)	(35,804)	21,265	59.4%
Add Share of loss of Associate	(3,032)	(8,354)	5,322	-63.7%
Loss for the year	(17,571)	(44,158)	26,587	60.2%

GROWTH

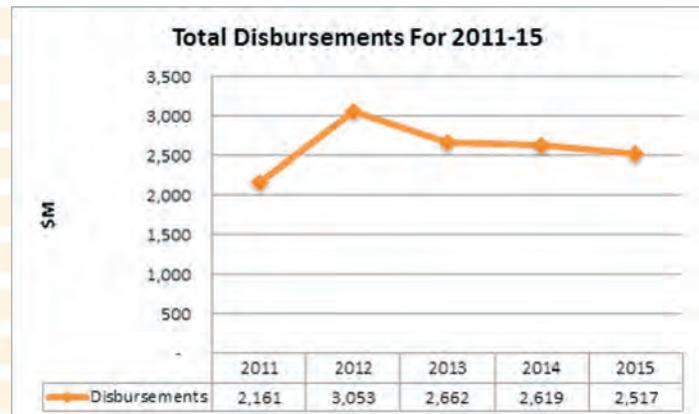
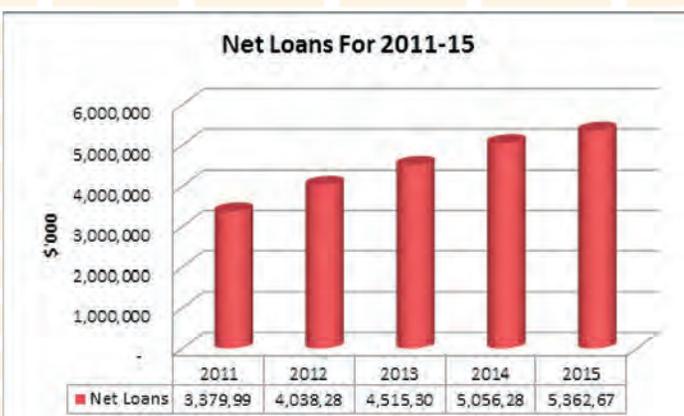
The Credit Union's Total Assets increased by \$326M (2014:\$392M) over the comparative period 2014 to close at \$7.8B (2014:\$7.5B). The growth in Total Assets was mainly financed by the net increase in savings and shares deposits of \$314M (2014:\$250M).



LOANS

Gross loans increased significantly year over year by \$368M (2014:\$544M) to \$5.5B. Disbursements for 2015 were \$2.517B (2014:\$2.619B) or \$102M less than 2014. The competitive and declining interest rates environment continued during 2015. We provided our members with attractive rates and products during the year as we introduced a number of loan promotions, one notably being the 48-hour loan sale, an exciting and first ever-of-its-kind event that was overwhelmingly supported by you our members. Despite the reduction in loan yields, the Credit Union achieved 95% (2014:97%) of its projected loan interest income for 2015. Interest income from loans was \$743M compared to \$678M for the 2014 comparative period. Our net loan to asset ratio at the end of the financial year was 68% (2014:67%) well within the PEARLS standard of 60-80%.

Additionally, we continued to streamline our credit assessment and policies, and also used the Credit Bureaus which have resulted in the Credit Union obtaining better quality loans even as it seeks to grow the loan portfolio.



PROVISIONS

The year 2015 was a very challenging year as it relates to bad debt provisioning, due to several persistent hard core accounts. The tight economy resulting from the effects of the IMF program negated the Credit Union's ability in the timely disposition of pledged properties for these hard core accounts during the financial year. Attempts to dispose of these pledged properties will continue during 2016.

The Credit Union made the following provisions during the 2015 financial year:

Loan loss provision of \$89M (2014:\$57M). The Credit Union was able to attain a 9.53% (2014:9.10%) delinquency level. While our ultimate objective is achieving the PEARLS standard of 5% delinquency or less, we are aware that this may not be achieved in the short term and have put measures in place to gradually reduce the delinquency ratio. The expectation is that with the increased liquidity arising from the maturity of \$62B Government of Jamaica securities in 2016 may result in increased demand for real estate thereby enabling the Credit Union to dispose of more pledged securities and thereby reduce its delinquency level.

With consistency and focus from the entire Debt Management Team, and increased sensitivity of the entire COK Sodality family towards delinquency we intend to gradually reduce our position to approximately 8.5% by December 2016. In order to achieve the aforementioned delinquency targets, the Debt Management Department has since:

- Strengthened the internal processes to include increasing individual collector's daily targets.
- Changed the priority within Integrated Collection Management System (ICMS) to ensure that accounts with the greatest dollar value of arrears are targeted first versus what obtained before.
- Continued to increase focus on high value accounts (i.e. \$2 million & over) which account for the greater percentage of delinquency and provisions monthly. This focus includes the Chief Financial Officer (CFO),

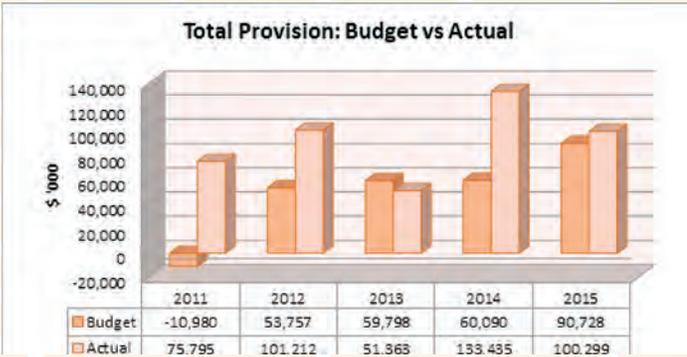
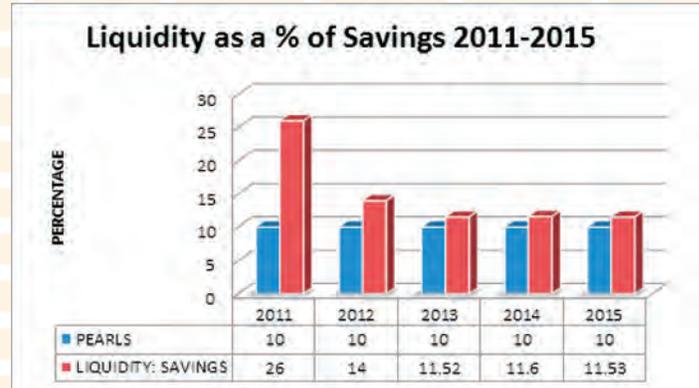
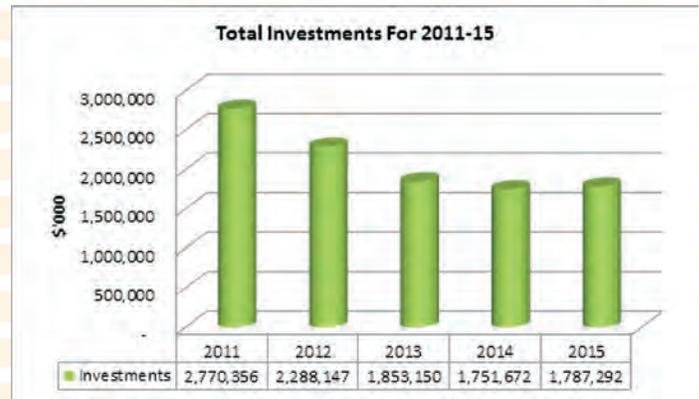
Debt Management Unit (DMU) Manager and Senior Collector having daily oversight of these accounts.

- Engaged the largest third party collection agency in the Caribbean to assist with the collection of charged off unsecured loans and delinquent unsecured loans.

The Branch Managers are now playing a more integral role in the monitoring of accounts domiciled at the branches at the 1 - 30 days stage of delinquency, as relationship management of these accounts in the early stages of delinquency have proven as an early warning mechanism which will continue to be pivotal in reducing our overall delinquency in the medium to long term.

Loan Interest Receivable provision of \$2M (2014: \$7M). Delinquent loans and advances on which interest is no longer accrued amounted to \$522M (2014:\$324M), and as such interest previously accrued and remained unpaid was written off from Interest Income during the year.

Other Assets Provision of \$9M (2013:\$69M). The prior year included \$58.8M receivable from a cambio trading partner for defaults on amounts due. Efforts to recover the outstanding amounts are still diligently being pursued.



SAVINGS & DEPOSITS

The savings portfolio increased by \$314M (2014:\$251M) to \$6.8B (2014:\$6.5B) from normal course of savings. Interest expense on deposits increased by \$12M or 8% to \$160M (2014:\$148M).

The Credit Union had to be very aggressive in the financial market and offered a number of savings initiatives to attract and retain savings.

Despite the increase in interest cost over the comparative period, our cost of funds was lower than planned resulting in savings in interest cost of \$20M.

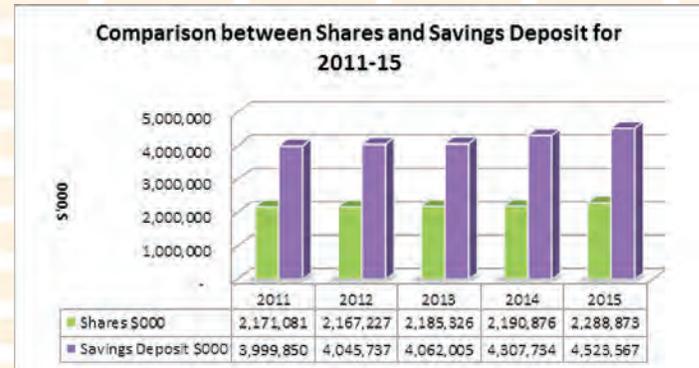
Most importantly our members continue to exhibit confidence in the Credit Union as is evident in the increase of \$314M in year over year savings.

INVESTMENTS

As at December 2015, the investment portfolio was \$1.8B (2014:\$1.8B). Interest Income earned from investments was \$130M (2014:\$149M). Interest Income earned on investments lagged budget by \$1M for the 2015 financial year. This was mainly due to the downward trend in bench mark Treasury bill rates as a result of the monetary policies being pursued by Central Bank.

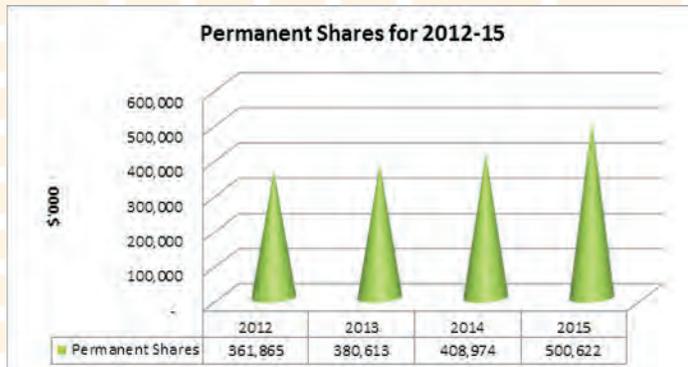
The bond market remained stagnant during 2015; the Credit Union did not earn any income from trading during the 2015 financial year (2014:\$2M).

During the year, the Credit Union was able to manage its cash flows and liquidity to meet all its loan demands and payment obligations on a timely basis.



MEMBERSHIP-PERMANENT SHARES

The Credit Union's adult and C.A.R.E.S. membership grew by 5,853 (2014:5,772 and 2,274(2014:2,480) in 2015. Permanent shares increased by \$92M (2014:\$28M) when compared to 2014. Membership compliance was 60.23% compared to 59.27% in 2014. We now have over 160,000 (2014:155,000) members being fully compliant out of a total active membership of 267,140 adult members. Several initiatives were implemented in 2015 to encourage our members to become permanent share compliant.



THE WAY FORWARD

The strategic objectives for the 2016 financial year are to:

- grow our loan portfolio by \$1.4Billion,
- increase savings to fund our loan growth,
- reduce the delinquency ratio to an acceptable level of 8.5%,
- increase interest income by 20%
- and improve our Capital Adequacy Rate (CAR) above the PEARLS benchmark of 8%.

INCOME GROWTH

The focus of the Credit Union in 2016 is the continued growth in savings and loans, management of delinquency and by extension growth in assets. Additionally, the Credit Union will continue to grow and balance the risk profile of the loan and investment portfolios and by extension growth in loan and investment income.

To contribute to nation building, the Credit Union has identified the Micro sector as an area of strategic focus for 2016. Arising from this it has developed several products for the Micro business sector and will be increasing its loan disbursements to this sector by approximately \$400M. This will contribute to the growth of its loan book and interest in 2016. Additionally, the Credit Union will seek to become more competitive on selective loan

rates to drive volumes.

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

DELINQUENCY

The Credit Union will seek to achieve a target of 8.5% for 2016. We recognize that there is still a lot of work to be done in this regard. Notwithstanding the aforesaid we are optimistic of keeping our delinquency rate down as we employ new and varied strategies despite the challenging economic climate. The Credit Union will continue working with its membership through, information, education and other initiatives. Where necessary, however, the Credit Union will be very aggressive in its drive to reduce its delinquency ratio.

Asset management is also a very critical area to the Credit Union relative to achieving profitability targets. We will continue our focus to collect on charged-off accounts as this will have a positive impact on our bottom line. The Credit Union will also explore and apply more innovative means of collecting on debt in 2016. We intend to continue our aggressive approach of asset recovery and liquidation.

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 will eventually lead to volume growth.

In 2016, we will continue to enhance our core banking system as well as improve our website and our online banking facility. These initiatives, we believe will improve our time to market with our products, a faster turnaround time for loans, as well as give our membership an enhanced in-branch and out of branch service.

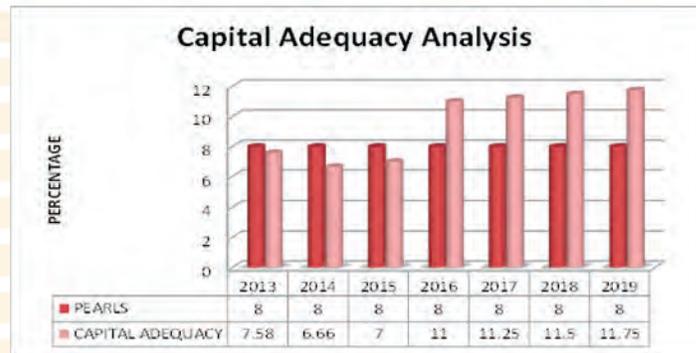
We continue to look at our resources and where necessary ensure that COK Sodality will have the right fit to deliver upon our objectives.

CAPITAL ADEQUACY

In 2016, the Credit Union will boost its capital adequacy ratio by:

- leveraging its real estate holding,
- increasing its Deferred shares to \$500M
- Increasing its permanent shares through membership growth and compliance

These initiatives, in addition to the planned contribution from surplus of approximately \$31M, constitute the capital management plan to achieve \$480M of capital or 11% capital adequacy ratio in 2016.



The table below summarizes the Budget of the Credit Union's operations for 2016 as compared to 2015.

				2016 BUDGET			
				REVENUE AND EXPENDITURE STATEMENT			
2015						2016 BUDGET	
BUDGET	ACTUAL	+(-)	%			\$'000	
\$'000	\$'000						
783,442	742,668	(40,774)	(5)	INTEREST INCOME			
131,078	129,605	(1,473)	(1)	Members' Loans		953,653	
914,520	872,273	(42,247)	(5)	Investments and Deposits		99,020	
						<u>1,052,673</u>	
				FOR WHICH OUR INTEREST COST AND OTHER EXPENSES WERE			
163,534	159,869	3,665	2	INTEREST ON MEMBERS' DEPOSITS		157,465	
25,038	23,472	1,566	6	INTEREST ON MEMBERS' SHARES (DEFERRED)		33,517	
90,728	100,299	(9,571)	(11)	LOANS AND OTHER PROVISIONS		121,714	
21,585	26,437	(4,852)	(22)	OTHER FINANCIAL COSTS		33,346	
20,571	5,980	14,591	71	INTEREST ON EXTERNAL CREDIT		7,923	
321,456	316,057	5,399	2			<u>353,965</u>	
593,064	556,216	(36,848)	(6)	LEAVING A NET INTEREST OF		698,708	
				AND WE ADD NET EARNINGS FROM NON-INTEREST SOURCES			
7,750	6,473	(1,277)	(16)	CREDIT CARD		0	
9,677	8,203	(1,474)	(15)	REMITTANCE SERVICES		8,000	
11,818	8,650	(3,168)	(27)	CAMBIO SERVICES		14,136	
303,442	279,938	(23,504)	(8)	FEES AND OTHER INCOME		289,583	
332,687	303,264	(29,423)	(9)			<u>311,719</u>	
				MAKING OUR GROSS MARGIN BEFORE OPERATING EXPENSES			
925,751	859,480	(66,271)	(7)			<u>1,010,427</u>	
				FROM WHICH WE DEDUCT OUR OPERATING EXPENSES			
892,742	874,019	18,723	2			976,572	
33,009	(14,539)	(47,548)	(144)	LEAVING AN OPERATING INCOME/(LOSS)		33,855	
1,000	(3,032)	(4,032)	(403)	ADD SHARE OF LOSS OF ASSOCIATES		(3,000)	
34,009	(17,571)	(51,580)	(152)	LEAVING A NET INCOME/LOSS		<u>30,855</u>	

2016 BUDGET BALANCE SHEET STATEMENT

2015				2016
BUDGET	ACTUAL	Variance		BUDGET
\$ '000	\$ '000	\$ '000	%	\$ '000
OUR ASSETS				
5,600,707	5,362,672	(238,035)	-4%	LOANS TO OUR MEMBERS 6,723,494
1,716,129	1,788,960	72,831	4%	OUR INVESTMENTS IN OTHERS 1,351,161
59,839	92,107	32,268	54%	CASH IN HAND & AT BANK 74,595
321,479	335,416	13,937	4%	OWING TO US BY OTHERS 363,445
228,133	255,824	27,691	12%	FIXED ASSETS WE PURCHASED 241,106
7,926,287	7,834,979	(91,308)	-1%	MAKING OUR GRAND TOTAL ASSETS <u>8,753,801</u>
				% GROWTH PROJECTED 12%
SOURCES FROM WHICH OUR ASSETS ARE FINANCED				
2,132,000	2,288,873	156,873	7%	OUR SAVINGS IN SHARES 2,364,482
4,647,887	4,523,567	(124,320)	-3%	OUR SAVINGS IN DEPOSITS 5,083,206
6,779,887	6,812,440	32,553	0%	MAKING OUR TOTAL SAVINGS <u>7,447,688</u>
469,702	463,651	(6,051)	-1%	INSTITUTIONAL CAPITAL 469,707
525,641	500,622	(25,019)	-5%	PERMANENT SHARES 549,983
300,000	300,000	-	0%	DEFERRED SHARES 500,000
6,000	7,075	1,075	18%	INVESTMENT REVALUATION RESERVE 6,566
23,481	35,945	12,464	100%	LOAN LOSS RESERVE 35,945
97,806	112,014	14,208	15%	PENSION RESERVE 112,014
(635,484)	(737,842)	(102,358)	16%	NON-INSTITUTIONAL CAPITAL -670,349
				MAKING THE GRAND TOTAL WE OWN AS MEMBERS 8,451,554
7,567,033	7,493,905	(73,128)	-1%	WE OWED OTHERS AT YEAR-END <u>302,247</u>
359,254	341,074	(18,180)	-5%	
7,926,287	7,834,979	(91,308)	-1%	AGREEING THE SOURCES OF FINANCING WITH OUR TOTAL ASSETS <u>8,753,801</u>

CONCLUSION & ACKNOWLEDGEMENTS

Despite the various challenges associated with operating in a highly competitive environment, COK Sodality believes it is well positioned to return to sustainable profitability. The Credit Union remains 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 loss in 2015, 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 organization. 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 Cooperatives and Friendly Societies and The Jamaica Cooperative Credit Union League for their guidance and support during the year. Thanks to our Auditors, KPMG, who conducted and completed their audit in a timely manner.

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.



Steadman Pitterson
Treasurer

PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY TO 31ST DECEMBER 2016

In keeping with Rule 70, it is proposed that Maximum Liability to 31 December, 2016 be set at \$8.2 billion, being 12 times the 2015 total capital, inclusive of Deferred Share of \$300 million, projected at \$681 million.

For and behalf of the Board of Directors



Steadman Pitterson
Treasurer

APPENDIX I

PRUDENTIAL INDICATORS	PEARLS	2015	2014	2013	2012	2011
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	68.29	67.20	63.38	56.27	47
Liquid Assets / Total Assets	max 20	11.27	11.71	11.80	13.54	23
Financial Investments / Total Assets	max 10	12.6	13.12	15.78	18.82	16
Total Savings / Total Assets	70 - 80	88.14	87.58	88.75	87.53	86
Shares / Total Assets	10 - 20	29-Jan	29.12	30.38	30.20	30
Institutional Capital / Total Assets	min 8	7	6.66	7.58	7.23	8.14
ASSET QUALITY						
Delinquency (>1mth) / Gross Loan Portfolio	<= 5	9.57	9.10	10.42	10.51	7
Non-Earning Assets / Total Assets	<= 7	7.63	8.04	9.37	10.28	15
RATES OF RETURN AND COSTS						
Net Loan Income / Average Net Loan	mkt rate	32.63	13.54	14.67	15.02	18
Operating Expenses / Average Assets	<= 8	11.42	10.93	10.66	11.37	10.9
Net Margin / Average Assets	> 5	-0.19	-0.46	0.09	-1.83	0.74
Loan loss provision / Average Assets	cover loss	1.99	1.49	1.55	1.7	1.50
LIQUIDITY						
Liquidity reserves / Total savings deposits	10	11.53	11.63	11.52	14.14	26
Non earning liquid assets / Total Assets	< 1	1.11	1.55	1.57	1.16	2
SIGNS OF GROWTH (YTD)						
Loans (gross)		7	12	12	19	(5)
Savings Deposits		5	2	2	3	0
Shares		4	0	1	0	(3)
Institutional Capital		-	-	-	-	7
Membership	5%	1%	2%	2%	3%	3%
Total Assets	>= inflation	4%	5.50%	0.22%	0.29	4.00

MANAGEMENT TEAM



Jacqueline Mighty
Chief Executive Officer



Andre Gooden
Chief Business
Development Officer



Linda Miller
Chief Operations Officer



Andrew Brown
Chief Financial Officer



Shaun Barrett-Radcliffe
MIS



Roshene Betton
Legal Counsel



Dianne Bolton
Credit
Origination



Vevine Cameron
Credit Administration



Marsha Cole-Hart
Human Resource &
Learning Manager



Rexona Christie
Facilities & Procurement



Juliet Henry
Branch Operations



Anthony Morris
Internal Audit



Claudine Scott
Member Experience



Emma Thomas
Sales & Marketing



Stanford Hastings
Mandeville



Morris Livingston
Portmore



Tina Livingston
Cross Roads



Oral Sewell
Half Way Tree



Roger Shippey
Montego Bay

CEO'S OFFICE



L-R: Vivene Thompson, Jacqueline Mighty (CEO)

STRATEGIC PLANNING



L-R: Janet Tate, Andre Gooden (CBDO)

MANAGEMENT INFORMATION SYSTEMS



L-R: Natiesha McDonald-Lawrence, Andre Stevens, Claudette Seballo-Myrie, Omar Morgan, Shaun Barrett-Radcliffe (Manager), Christopher Stephenson.

HUMAN RESOURCE AND LEARNING



L-R: Cegartha Hayles, Khadene-Marie Fray, Dawn Gardner-Rose, Tashoy Hayles-Talbert, Dorraine Wright, Marsha Cole-Hart (Manager), N. Barbara McKenzie, Drizelle McNamee

SECURITIES ADMIN



L-R: Merrill Tomlinson, Junior Pearce, Alicia Marriott, Andre Corrie, Winsome Whyllie-Tai, Tanshe Rhoden, Horane Plunkett, Keneisha Goulbourne, Shelly-Ann Cargill-Brooks, Thereece Stewart, Erell Crooks, Carlene Chambers-Gordon, Ornella Rodney. Missing- Roshene Betton (Legal Counsel).

CENTRALIZED CREDIT UNIT



Front Row L-R: Ramonia Brown-Britton, Dianne Bolton (Manager-Credit Origination), Antoinette Lynch, Renee Grant. Back Row L-R: Donald Tomlinson, Clive Thompson, Famar Edwards, Kevin Dalberry, Shellika Duncan. Missing - Vevine Cameron (Manager)

RECORDS



L-R: Kevin Graham, Althea White, Renee Chambers, Lorraine Broderick, Linda Miller (CBDO), Dwayne Smith. Missing- Angela Walker

BRANCH OPERATIONS



L-R: Karlene Brown, Paul-Ann James, Juliet Henry (Manager), Linda Miller (COO)

FACILITIES & PROCUREMENT



L-R: Linda Miller (COO), Andrew Kirkland, Nicole Tingle, Ryan Garvin, Richard Maye, Sandra Hibbert-Facey

CENTRALIZED SERVICES UNIT



Jessica Williams-Laing, Juliet Henry (Manager), Charlene Campbell, Debrette Brown, Linda Miller (COO), Juanique Holmes, Shenee Hope. Missing - Stacy-Ann Grant, Desmond Henry, Natalee Hall

RISK AND COMPLIANCE



L-R: Sharna Ramsay, Brian Dixon, Linda Miller (COO), Daniela Dacres

MEMBER EXPERIENCE



L-R: Amoi Patrick-Tucker, Claudine Scott (Manager)

DEBT MANAGEMENT UNIT



L-R: Christopher Dyer, Tracy-Ann Gordon, Kadian Meikle, Kayla Dennis, Yashema Berdoe, Julli-Ann McEwan, Ilyn Thompson, Angella Brown, Melicia Tait, Andrew Brown (CFO).

ACCOUNTS



L-R: Patricia Edwards, Andrew Brown (CFO), Renae Hunter, Trisann Dumay, Tamika Farquharson, Yashica Byroo, Khalifa Campbell, Sandina McPherson- James, Heather Wong-Franklin, Novardo Williams.

CAMBIO & REMITTANCE



L-R: Andre Gooden (CBDO), Shayon South, Nkachi Reeves, Marlet Fender, Patrice Thomas- Hinds
 Missing- Nadine Matthews

FINANCIAL SERVICES



L-R: Andrew Brown (CFO), Shernel Simms, Teasha Fraser-Griffiths, Lamar Virgo, Sheryl Williams-Gordon

TREASURY



L-R: Renee Rattray, Terry-Melisa Ballin, Nkachi Reeves, Teasha Fraser-Griffiths, Andrew Brown (CFO)

SALES & MARKETING



L-R: Sam-Wayne Wilson, Joan Davidson, Emma Thomas (Manager), Shanice Hamilton

PENSION



L-R: Yanique Henry, Jacqueline Simpson, Donica Bryan, Andre Gooden (CBDO)

HALF WAY TREE



Front Row L-R: Alene Donaldson, Nico Bailey, Marie Robinson, Keron Brown, Kaydian Malcolm, Charmaine Changoo-Headley, Latanya Fraser, Andrew Carter, Racquel Williams Back Row L-R: Sheena Watson, Peter Downey, Clifford Brown, Shelly-Ann Wint, Russhaun Thomas, Nadine Chin, Jena Wilson, Kadian Tracey, Corbeth Thompson, Venese Wright, Casmarie Sherwood, Oral Sewell (Manager). Missing: Ineeka Anderson, Roger Lim-Sang, Troy Powell, Glenford Pennington, Lidice Black

CROSS ROADS



Front Row L-R: Claudette McPherson, Rhaveen Carey, Jeah-Lee Folkes, Jodian Hall, Rushell Gooden, Jheanelle Simpson, David Duval, Mecadian Lattibeaudiere, Nicole Shim, Dionne Johnson-Roberts, Tanesha Campbell, Floreta Bowen. Back Row L-R: Karen Maylor-Graham, Tina Livingston (Manager), Sharlene Menzie, Renae McDonald, Nicholas Matthews, Stetson Smith, Sobrina Foster, Joewan Duhaney, Letteacha Grant, Delano Gardner, Sashene Miller, Anthoy Fagan, Renae Burgess, Rosalie Johnson, Marcia Hunter-Anderson, Sean Lewis

PORTMORE



Front Row L-R: Jacqueline Googlar-Bailey, Krystal Brown, Camian Williams, Rasha Goldsmith, Winsome Irving, Patricia Jones, Venice Griffiths, Shamari Plunkett. Back Row L-R: Morris Livingston (Manager), Latoya Linton, Tarika Kelly-Bailey, Nicholas Clarke, Renee Johnson, Kimberly Savage, Clinton Lewin.

MONTEGO BAY



Front Row L-R: Lynda Crichton, Pamela Maddan, Alecia Wynter, Khalfani Stoddard-Kerr, Geraldine Rosegreen, Orpah Dawkins-Bailey, Tress-Ann Shakes, Beneve Griffiths-Shaw, Roger Shippey (Manager), Julane Daley. Back Row L-R: Melodean Cousley, Simone Case, Renae Ellis, Bianca Dawkins, Andrew Grant, Laimar Grey, Samora Roper, Shade Allen, Devon Ricketts, Nordia Brown, Geraldine Smith.

MANDEVILLE



Front Row L-R: Simone Reid-Windeth, Nadine Hutchinson, Jennifer Thomas, Amanda Heron, Lashauna McKenzie, Peta-Gay Bryan. Back Row L-R: Stanford Hastings (Manager), Sutania Morgan, Allison Gordon, Dimitri Richards, Kimblee Elliot, Letisha Williams, Debbie James, Colin Cotterell.

MICRO UNIT



Front Row L-R: Kamari Brown, Khadrian Smallwood, Rusheda Hall, Lakeisha Richards, Hopeton Morrison, Shelly-Ann Stewart, Marisa Williams, Denise Smalling, Odette Thomas, Andrew Carter. Back Row L-R: Christopher Thomas, Trudy Williams, Corbeth Thompson, Kerisha Peart, Feona Bennett, Nordia Brown, Julane Daley, Claudia Grant-Morris, Cavel Herah, Jody-Ann Gentles, Dionne Ellis.

Introducing the
COK S.C.H.O.L.A.R. Loan
for tertiary students

10%

Get up to 12 years to repay! **
Approval in 3-5 days!

Covers: Tuition Laptop* Books* On Campus Accommodations	Max loan amounts: Undergraduate - \$2M PostGraduate - \$3M
--	---

Endorsed by: Ministry of Education, UWI, UTECH, NCU, CCCJ, UCC, HYDEL

*When purchased through school | **Dependent on collateral

COK
Micro-Business Centre
BUILT AROUND YOU

We don't just give loans, we provide
personal & micro-business solutions.



Are you a micro or small business operator in any of the above sectors?
COK can provide you with a personal & or business solution.



Members of the audience at the Cross Roads Branch Members' Meeting

Members' Meeting at Head Office



CFO Mr. Brown & Manager R. Christie engage a member at COKs 48 Hr. Loan Sale

COK Team Members examine loan files at the 48 Hr. Loan Sale

48Hr. Loan Sale



CEO Mrs. Mighty and Members of the audience on bingo night

Members' Bingo & COK's Jamaica Night



Prof. Shepherd, CEO Mrs. Mighty, COK Retirement Scheme Chairman Mr. Wynter and COK President Ms. Anglin



CEO Mrs. Mighty, Former Min. of Industry Investment & Commerce Anthony Hylton and COK President Ms. Anglin



Former Min. of Industry Investment & Commerce Anthony Hylton cuts the ribbon to the Micro & Small Business Centre

Micro & Small Business Centre Launch



Mrs. Mighty presents trophy to Employee of the Year - Charlene Campbell

Mr. Gooden presents trophy to MRO of the Year - Geraldine Smith

Employee and MRO of the Year



Mrs. Mighty presents trophy to Micro Officer of the year - Julene Daley

Cross Roads Manager Mrs. Livingston accepts Branch of the Year Trophy from Mrs. Mighty.

Micro Officer and Branch of the Year



Mayor of Montego Bay Glendon Harris and CEO Jacqueline cut the ribbon at the Montego Bay Branch Opening

Montego Bay Branch Opening



Audience at the Montego Bay Branch Members' Meeting

Montego Bay Members' Meeting



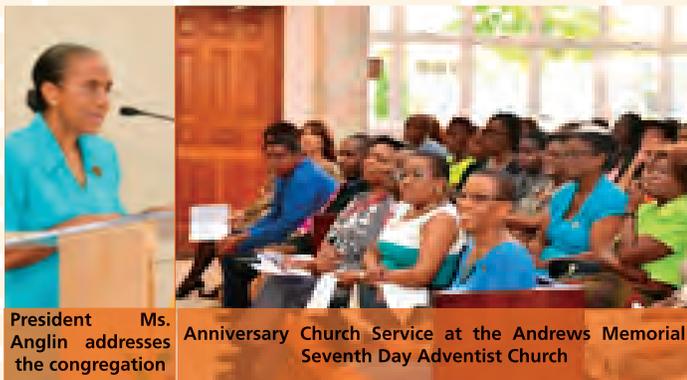
Half Way Tree Branch Members' Meeting

Half-Way Tree Members' Meeting



Branch Manager Morris Livingston at the Portmore Branch Members' Meeting

Portmore Members' Meeting



President Ms. Anglin addresses the congregation

Anniversary Church Service at the Andrews Memorial Seventh Day Adventist Church

Anniversary Church Service at Andrews Memorial Church



Branch Manager Hastings presents COK contribution to Rev. O. Fisher of New Testament Church of God

CEO Jacqueline Mighty reads the Bible Lesson

Branch Mgr Shippey presents COK contribution to Fresh Bread Church

Mandeville and Montego Bay Church Services



Branch of the Year – Cross Roads



Mrs. Tina Livingston, Sharlene Campbell, Geraldine Smith, Julene Daley with CEO Mrs. Mighty

Top Performers for 2015



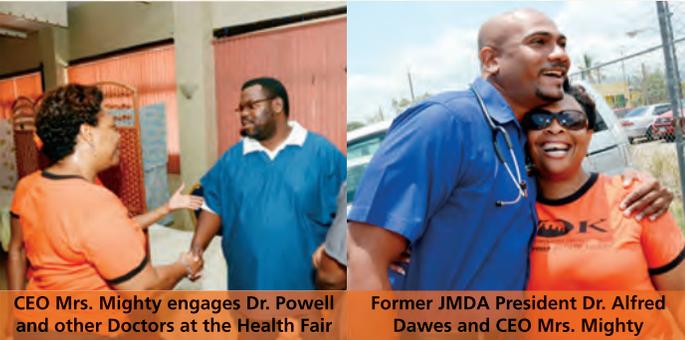
Portmore St Catherine Domino League Competition



COO Ms. Miller makes a presentation at the Gibson McCook Relays

CEO Mrs. Mighty makes presentation to student Duwane Allen

Gibson Relays 2015 & Computer Gift to Papine High Student



CEO Mrs. Mighty engages Dr. Powell and other Doctors at the Health Fair

Former JMDA President Dr. Alfred Dawes and CEO Mrs. Mighty



Mrs. Mighty engages members at the Health Fair

COK / Jamaica Medical Doctors' Association 2015 Health Fair



CEO Mrs. Mighty presents a pair of shoes to a community member

Soup & Soap



COK's Director Christopher Robinson makes presentation to Charlene Butler of Jamaica 4-H Clubs

Presentation to 4-H Clubs



COK's Director Dr. Karen Asher-Osbourne makes presentation to Sharlene Keens-Nembhard of Diabetes Association of Jamaica

Presentation to DAJ



Launch of Adopt-a-School – Clan Carthy High



CEO Mrs. Mighty greets Commissioner of Police Dr. Carl Williams

Adopt-A-School – Clan Carthy High



Labour Day Projects

GIVING BACK...

...GIVING THANKS



INTRODUCTION

The financial year 2015 began with the Government implementing its Economic Reform Programme with the support of the International Monetary Fund (IMF). The Government and the various private sector groups as well as the multilateral agencies worked toward stabilising the economy and were aided by the steep fall in global energy prices which resulted in a reduction in the current account deficit to 3% of GDP.

The economic environment was expected to create opportunities in the credit market, particularly in the small and micro sectors which was one of the areas of focus. In this regard, a number of financial institutions including COK sought to strengthen their resources in their micro operations to capitalise on the opportunities and satisfy their members/customer's demands.

The Credit Bureaus also continued to play a critical role in the lending decisions of financial institutions. More institutions have also subscribed to the Bureau thus increasing the database and by extension access to customer credit information.

ROLE OF THE CREDIT COMMITTEE

The Credit Committee held meetings on a fortnightly basis with its primary role being to:

- Approve loans in accordance with the Authorities Schedule
- Review loans based on predetermined criteria
- Review the Credit Policy and Procedures with a view to providing recommendations for improvements

ACHIEVEMENTS OF THE CREDIT UNIT

The Credit Unit had made significant achievements during 2015 despite the many internal and external challenges. The most notable achievement was the establishment of the Centralised Credit Unit (CCU) where key aspects of the credit functions were centralised, namely approval, security documentation and disbursement. This has yielded many positive benefits to include increased scrutiny with loan assessment and as a consequence improvement in the quality of loans disbursed. Other consequential benefits were the sharpening of the skills of credit officers. The Unit will continue to improve on this initiative in order to maximize the potential value to the Credit Union.

Other achievements were as follows:

- The 48 Hour Loan Promotions which was held in November 2015 at three locations, Half Way Tree, Mandeville and Montego Bay, was a resounding success. This initiative was not only radical but it was unprecedented in the history of the financial sector in Jamaica. COK continues to benefit from increased membership and loans as a result of this Promotion.

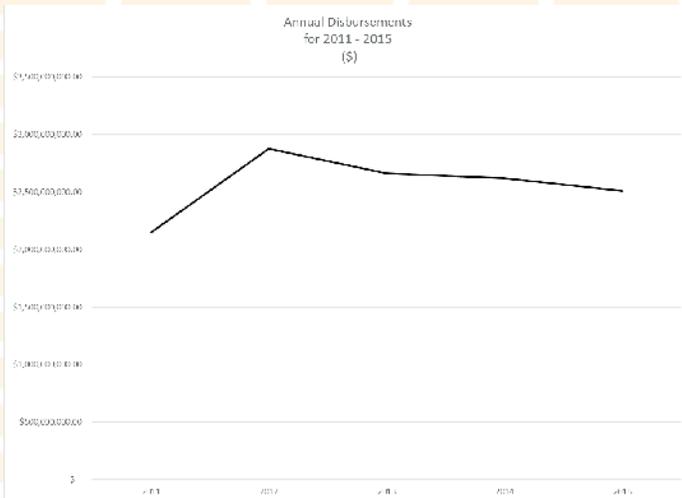
- Disbursements of \$2.509B which represented 85.38% of target for the year
- Growth in the loan portfolio of over \$365M or 7%. The loan portfolio at the end of the year stood at \$5.534B.
- Disbursement of over 100% of budget for the following loan products:
 - o Loan within Deposits
 - o Micro Loans
 - o Mortgages
 - o Scholar Plus Loans
 - o COK Debt Consolidation
 - o Fast Loan
- Expansion of the Micro Unit saw an increase in the staff complement by 14 persons, the opening of a Satellite Office in Ocho Rios, the deployment of Officers in the Spanish Town area and the introduction of Savings Products to Micro members
- Training of all credit staff in loan evaluation and assessment and security documentation

The achievements were not without its challenges as disbursements exhibited the usual sluggish trend in the earlier part of the year coupled with the intense competition in the market. The team has shown that with focus, determination, foresight and solid strategic initiatives, the loan portfolio will continue to grow and do well.

PERFORMANCE HIGHLIGHTS DISBURSEMENTS FOR YEAR ENDED DECEMBER 31, 2015

Product	YTD Actual as at December	Product	YTD Actual as at December
COK PRO PLUS	\$ 11,712,000.00	LOAN WITHIN SHARES	\$ 467,504,732.44
COK BIZ	\$ 11,400,000.00	MICRO LOANS	\$ 330,977,000.00
COK DEBT CON LOAN	\$ 15,136,300.00	MORTGAGE	\$ 81,832,605.75
COK DEBT CON PLUS LOAN	\$ 194,360,538.99	MOTOR VEHICLE	\$ 475,831,155.31
COK PENSIONERS PLUS	\$ 1,252,804.00	PAY DAY LOAN	\$ 98,871,420.16
COK PRE-APPROVED LOAN	\$ 6,575,000.00	RATIO LOANS	\$ 18,195,209.91
FAST LOAN	\$ 237,132,630.99	SCHOLAR	\$ 9,132,934.15
HOME EQUITY LOAN	\$ 79,202,860.89	SCHOLAR PLUS	\$ 40,766,943.20
HOME EQUITY PLUS LOAN	\$ 21,107,700.00	SPECIAL EDUCATION LOAN	\$ 23,891,645.38
LOAN WITHIN DEPOSITS	\$ 306,118,819.40	STAFF LOANS	\$ 78,042,208.80
GRAND TOTAL - \$ 2,509,044,509.37			

LOAN DISBURSEMENTS FOR YEARS 2011 – 2015



- Loan within 13.52%

OUTLOOK

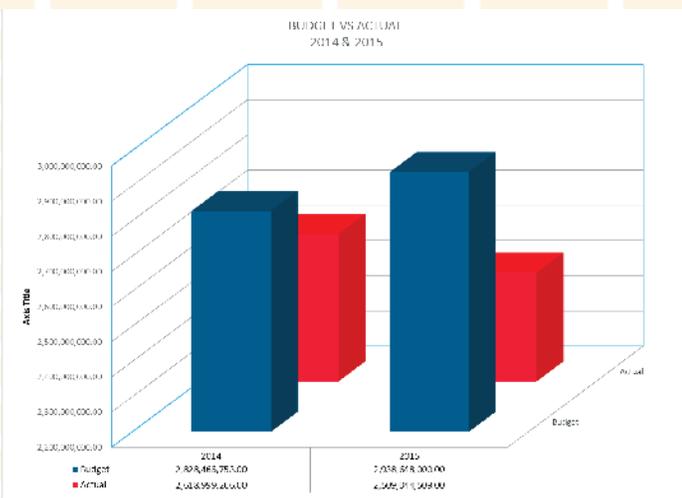
The recent reduction in interest rates to historical lows and the high levels of liquidity in the system will result in increased competition which will require that COK becomes more nimble, creative and responsive to the needs of members. The foremost goal going forward remains to return to a position of dominance in the movement. Adapting to and adopting new and innovative strategies and policies in conjunction with the latest technologies will be of paramount importance to the achievement of this objective.

There will be a great deal of opportunities for COK Sodality Cooperative Credit Union to expand its portfolio in the automobile, real estate, tourism, energy and micro small and medium sized enterprises sectors.

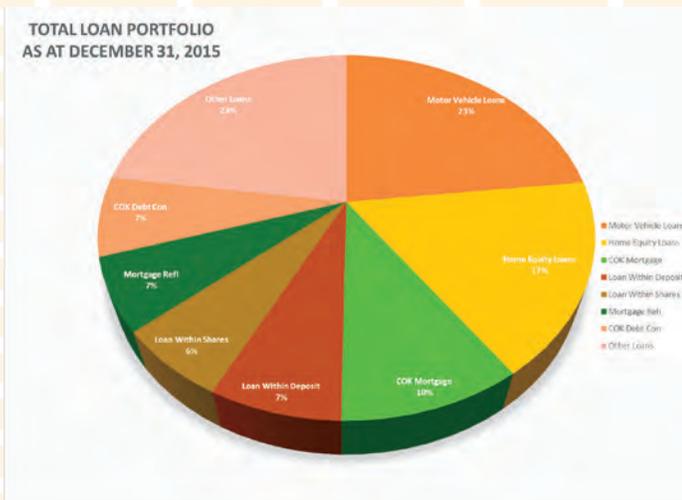
There is optimism for COK Sodality as it relates to the outlook for 2016. The challenges of the past years, has strengthened the organisation's resolve to overcome obstacles ahead with the confidence that the initiatives implemented and the plans afoot will redound to the benefit of all members.

ACKNOWLEDGEMENTS

The Credit Committee would like to acknowledge the assistance of the management and staff for their assistance as we exercised oversight responsibility for loans approved by the Credit Union for the year 2015. Thanks to fellow volunteers for the support during the year. We would also like to thank the members for reposing their confidence in us and we look forward to serving you in the coming year.



TOTAL PORTFOLIO AS AT DECEMBER 2015



NAMES OF COMMITTEE MEMBERS

The serving members were:



Front row L-R: Catherine Gregory, Rohan Townsend (Chairman), Irwin Gregory, Donna Pommels. Back Row L-R: Sharon Usim, Errol Beckford, Ralston Hyman, Patrick Galbraith. Missing – Jacqueline Lloyd-Carter

Total loans as at year ending December 31, 2015 was \$5.534B with the following products jointly accounting for approximately 70% of the portfolio:

- Motor Vehicle – 23.18%
- Home equity -17.09%
- Mortgage & Mortgage Refinancing – 16.43%

Mesdames: Catherine Gregory
Donna Pommells
Sharon Usim
Jacqueline Lloyd-Carter

Messrs: Errol Beckford
Patrick Galbraith
Irwin Gregory (Secretary)
Ralston Hyman
Rohan Townsend
(Chairman)

Yours cooperatively



Rohan Townsend
Chairman

48 HR LOAN SALE



CEO Mrs. Mighty engages a member at COKs 48 Hr. Sale



COK
AUTO LOAN

AS LOW AS
NEW VEHICLES **8.99%*** NEGOTIABLE
USED VEHICLES **10.99%*** NEGOTIABLE

* ON NEW CARS AND 2015 MODELS THAT ARE STILL WITH THE DEALERSHIP
* CARS UP TO 9YRS OLD
* ADDITIONAL 6 MONTHS ON TENURE

NO UP FRONT ORDINARY SHARES REQUIRED

OBJECT IN MIRROR IS CLOSER THAN IT APPEARS

WITH COK, YOUR NEW DREAM CAR MAY BE CLOSER THAN YOU THINK

THE KEY TO YOUR NEW VEHICLE IS AN AFFORDABLE AUTO LOAN FROM COK

GET YOUR NEW WHEELS OR UPGRADE YOUR RIDE TODAY!

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

Come talk to us.
Call us: 960-4226 | Visit us at www.cokcu.com
Download our COK app from Facebook

*Conditions apply



Portmore Branch Operations Supervisor interacts with members



COO Ms. Miller interacts with members



Cross Roads Branch Manager Mrs. Livingston assisting a member

SUPERVISORY COMMITTEE REPORT TO THE 49TH ANNUAL GENERAL MEETING

INTRODUCTION

The Co-operative Societies Act 1950 defines the Supervisory Committee as a committee elected by the members of the Credit Union at the Annual General Meeting for the purpose of Audit and Supervision of the Society. The Supervisory Committee, supported by the Internal Audit Department, operates by a mandate which allows for the examination of the affairs of the Credit Union at intervals. In executing our responsibilities the Supervisory Committee has carried out investigations into member complaints and activities to strengthen the governance processes of the Credit Union. As vanguards of the organisation, the Supervisory Committee seeks to ensure that the operations of COK are kept in line with its vision and mission.

The Supervisory Committee of COK Sodality consists of nine (9) members in keeping with Article X, Section 48 (i) of the Rule Book.

The committee members who were duly elected at the 48th Annual General Meeting held on May 11, 2015 served in the following capacities:

Mesdames:

Herma Walker	- Chairman
Jacqueline Daley	- Secretary
Charmaine Newsome	- Member
Phillippa Edwards	- Member
Vinnate Hall	- Member
Carol Williams	- Member

Messrs:

Alston Reid	- Member
Clive Medwynter	- Member
Arnold Breakenridge	- Member

ROLE AND RESPONSIBILITIES

The Supervisory Committee's mandate is to determine the extent to which the Management and Staff undertake their respective functions in accordance with the policies and rules as laid down by the Board of Directors, and the Co-operative Societies Act. The findings therefrom and resulting recommendations are presented at the Board of Directors meeting for their deliberation.

We discharge our responsibility to the general membership by conducting regular reviews of the operations of the Credit Union and providing monthly reports of our findings and recommendations to the Board of Directors and Management. The activities for the past year are included in this report

to the general membership at the Annual General Meeting.

AREAS OF FOCUS - 2015

During the year, the committee reviewed the operations of the Credit Union and made recommendations for improvement in the following areas:-

- Branch Operations Review
- Bank Reconciliations
- Dormant/Inactive Accounts Audit
- IT Change Management Audit
- ATM Reconciliations Review
- Debt Management Unit - Accounting For Repossessed Vehicles
- Loans Review
- Golden Harvest
- Retirement Scheme
- Journal Processing
- Proceeds of Crime Act (POCA)/Anti Money Laundering
- Monthly Cash Audit Exercises
- Management Requests

THE IMPACT – OF OPERATIONAL REVIEWS

Examples of some specific achievements arising from our reviews include the following:

Bank Reconciliation Audit: - The reconciliations are now being completed in a timely manner with minimum reconciling items, thereby improving internal controls. In addition, the risk of errors and omissions have been reduced with noted improvements in the financial statement presentation.

Retirement Scheme Reviews: - Our consultation with management allowed the administration of Pension-related activities to be better streamlined thus offering improved service to members.

POCA (Proceeds Of Crimes Act) Reviews: The review done annually significantly reduces the possibility of the Credit Union being cited for non-compliance with regulations.

We conducted our reviews in accordance with International Auditing Standards and best practices. Our findings revealed general adherence to established policies, procedures and internal controls. Compliance with the related laws and regulations that govern the Credit Union's operations was adequate. Recommendations were made where deemed necessary, the implementation of which resulted in improvements

in the Credit Union's activities, thereby reducing the risk of loss to the organisation.

IMPLEMENTATION STATUS OF AUDIT RECOMMENDATIONS (ISOAR).

As part of our routine follow-up activities the committee reviews the status of the ISOAR to ensure timely clearance of outstanding action items. This is a detailed log of all audit recommendations which remain outstanding. Management of the various departments are required to provide updates on the issues on this list of outstanding recommendations, which pertain their areas of responsibility. The committee continues to work with management to ensure that issues are resolved in a timely manner; this has resulted in noted improvements in the operations of the organisation.

OTHER ACHIEVEMENTS

The Committee attended regular monthly meetings of the Board, Finance and Policy, Joint Credit Committee, Debt Management and Audit Risk & Compliance. While attending these meetings, we were able to join with other volunteers in deliberating and making decisions on very important issues affecting the Credit Union.

Careful execution of the planned audits resulted in heightened consciousness and appreciation of the policies and procedures, resulting in improvements being reflected in the internal control environment of the organisation. Also with the identification of some risks, we were able to act as agents of change in risk mitigation strategies.

In general, such involvement afforded the committee to make significant contributions to the growth and development of the organisation.

ATTENDANCE AT MEETINGS

The Supervisory Committee had twenty-three (23) meetings for the year (January to December 2015), where attendance averaged 90% for all members. Acceptable explanations were provided in instances where persons were not able to attend meetings.

CHALLENGES

We acknowledge that many of the recommendations made to management in our reports to the Board were implemented in a timely manner. However, there are still some items that remain unresolved for an extended time. The delay in resolving these issues could impact the effectiveness of the governance process of the organisation.

We note the effort of some members in giving positive feedback on the organisation's service delivery experience. From our review of the volume of these inputs in the Suggestion Box, we are concerned that

many of our members might not have utilised this facility to its fullest.

We encourage members to take full advantage of the facilities which have been made available for providing feedback on the services offered. This will assist management in determining strategies to be employed to improve the delivery of services to members.

ACKNOWLEDGEMENT

The Supervisory Committee continues to acknowledge the Board of Directors, Management, the Administrative support staff, Joint Credit and other committees for their tremendous work during the year. We also appreciate the remarkable work of the Internal Audit staff during the year under review, and for their unwavering support to the committee.

CONCLUSION

To our valued members we say thank you for affording us the opportunity to serve you over the past year. We deem it both a privilege and an honour to have done so.

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 Co-operative Credit Union Limited as we embrace the motto for 2016 being "Collaborate and Grow".



L-R: Front row – Charmaine Newsome, Jacqueline Daley, Herma Walker (Chairman), Alston Reid.
Back row L-R: Clive Medwynter, Phillippa Edwards, Carol Williams, Vinnate Hall, Arnold Breakenridge



Herma Walker
Chairman - Supervisory Committee

The members of the Nominating Committee were:

- Mr. Steadman Pitterson - Director and Chairman
- Mr. Garth O’Sullivan - Member
- Mrs. Jacqueline Mighty - Member
- Mr Oral Sewell - Staff Liaison
- Mrs. Barbara McKenzie - Staff Liaison/ Admin Support



L-R: Oral Sewell, Steadman Pitterson, Jacqueline Mighty, Barbara McKenzie, Garth O’Sullivan

COMMITTEE’S MANDATE

The mandate of the Committee is to act within the framework of the Rules of COK Sodality Co-operative Credit Union as per Article XIII Rule 65(i) “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:

- 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 as required by the Regulators.

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 VIII Rule 33 a. (i - v)

“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. The Board of Directors shall consist of not less than five (5) members and not more than eleven (11) all of whom shall be members of the Credit Union. Each member of the Board of Directors shall be a member in good standing in the Society, over eighteen (18) years of age and able to satisfy the “fit and proper” requirements by the Regulators. The number of the Board of Directors shall at all times be uneven number. Each member shall hold Office until their successors are elected and shall be eligible for re-election in keeping with Rule 52 (ii).”

Four vacancies were created due to resignations of the following:

- Mr. Christopher Robinson
- Dr. Karen Asher-Osbourne
- Mr. Al Chambers
- Mr. Deryke Smith

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Orville Christie	Mr. Orville Christie Chief Strategic Officer Boldec Jamaica Chartered Accountants Suite 1 -3a Houghton Ave Kingston 10	2 Years
*Mr. Christopher Robinson	Mr. Clive Medwynter Managing Director Paradigm Pioneers Inc. 11 Ardenne Road Kingston 10	2 Years
Mr. Michael Lewis	Mr. Michael Lewis 33 Manor Court Mews Kingston 8	2 Years
*Dr. Karen Asher-Osbourne	Mr. Michael Martin 1 East Kings House Circle Kingston 6	2 Years
*Mr. Deryke Smith	Mr. Ewan Millen Audit Practitioner Millen & Associates 9 Cecelio Avenue Kingston 10	1 Year (to complete the unexpired term of Mr. Smith)
*Mr. Al Chambers	Ms. Vinnate Hall Assistant Vice President Internal Audit Sagikor Life Ja. Ltd 28-48 Barbados Avenue Kingston 5	2 Years

CREDIT COMMITTEE

ARTICLE IX RULE 4(I)

The Credit Committee shall be elected at the Annual General Meeting of the Society and shall consist of not less than three (3) members, all of whom shall be members of the Society and age eighteen (18) or over and shall be in good standing with the Society. Each member shall hold office until his successor is elected and shall be eligible for re-election.

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Errol Beckford	Mr. Errol Beckford 167 Border Avenue Kingston 19	2 Years
Mrs. Donna Pommells	Mrs. Donna Pommells Regional Telephone Sales Manager 48 Constant Spring Road Kingston	2 Years

SUPERVISORY COMMITTEE

ARTICLE X RULE 48 (I) (III) (V)

The Supervisory Committee shall consist of not less than three members and not more than nine (9) members, none of whom shall be members of the Board of Directors or Credit Committee or Loan Officer or employee, and all of whom shall be members of the Society, in good standing and over eighteen (18) years old."

"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.

RETIRING	RECOMMENDED	TERM IN OFFICE
Ms. Herma Walker	Ms. Herma Walker Audit Consultant 794 Cedar Grove Boulevard Cedar Grove Estate Gregory Park P.O. St. Catherine	1 Year
Mrs. Jacqueline Daley	Mrs. Jacqueline Daley Facey Commodity Merchandise Division 61 Newport Boulevard Kingston 11	1 Year
Mrs. Carol Williams	Mrs. Carol Williams Clinical Psychologist International University of the Caribbean Centre for Counselling Psychological Services Kingston 5	1 Year
Mr. Arnold Breakenridge	Mr. Arnold Breakenridge Breakenridge & Associates 15a Old Hope Road, 5 th Floor Kingston 5	1 Year
*Mr. Clive Medwynter	Corporal William Graham Mobile Reserve Merrion Road Kingston	1 Year
Ms. Charmaine Newsome	Ms. Charmaine Newsome Attorney-at-Law Ministry of Finance & Planning Financial Investigation Division	1 Year
Mr. Alston Reid	Mr. Alston Reid HR Services Manager National Water Commission. 4 Marescaux Road Kingston 5	1 Year
*Ms. Vinnate Hall	Mr. Enoch Allen Seabed Authority 14-20 Port Royal Street Kingston	1 Year
Ms. Phillipa Edwards	Ms. Phillipa Edwards Tax Administration of Jamaica 1-3 King Street Kingston	1 Year

*Two vacancies were created due to the nomination of Mr. Clive Medwynter and Miss Vinnate Hall to the Board of Directors.

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At COK "MICRO" means MORE!

JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE

RETIRING	RECOMMENDED	TERM IN OFFICE
Delegates		
Mrs. Jacqueline Mighty	Mrs. Jacqueline Mighty	1 Year
Mr. Steadman Pitterson	Mr. Steadman Pitterson	1 Year
Alternate Delegates		
Mr. Christopher Robinson	Mr. Orville Christie	1 Year
Ms. Carol Anglin	Ms. Carol Anglin	1 Year

JAMAICA FISHERMEN'S CO-OPERATIVE UNION

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Neville Rhone	Mr. Neville Rhone	1 Year
Mr. Michael Burke	Mr. Michael Burke	1 Year
Mrs. Jacqueline Mighty	Mrs. Jacqueline Mighty	1 Year

JAMAICA CO-OPERATIVE INSURANCE AGENCY LTD.

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Christopher Robinson	Ms. Carol Anglin	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.



Steadman Pitterson (Mr.)
For and on behalf of the
Nominating Committee



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- Minimum of \$200.00
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- Name, address, contact details of parent or guardian

SAVE & WIN!

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Also help your school win up to \$150,000!

*Conditions apply



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COK. Invest in your future today!
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DELEGATES' REPORT OF THE 74TH ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE

The Jamaica Co-operative Credit Union League's 74th Annual General Meeting was held from May 28-31, 2015 at the Hilton Rose Hall Resort & Spa in Montego Bay. It was held under the theme: "Local Service... Global Good". Approximately one hundred and fifty (150) delegates and observers attended the weekend convention.

The highlight of the convention was the Movement's Strategic Planning session for the period 2016-2020. It was a day of learning, strategic thinking and planning to guide the Jamaican Movement through to 2020. Approximately 100 leaders from 33 credit unions assembled to assess their progress over the previous five years and to establish strategic objectives over the next 5 years that would reinforce the vision of the Jamaican credit union system, which is to be the primary financial institutions for their members.

Presidents, Treasurers and Chief Executive Officers/General Managers were the categories of participants selected to attend the session. Altogether four presenters from the Cornerstone Credit Union League in Texas, and other Credit Union affiliated organisations in the United States, facilitated the session.

Another highlight of the conference was the Annual Awards Banquet which was held on the Friday evening of May 29, 2015. Guest speaker at the Awards Banquet was the then Minister of Finance and Planning, Dr. Peter Phillips.

COK Sodality Co-operative Credit Union walked away with two awards from the CUNA Group as follows:

- 1st Place - Highest Production Number of New Accounts for Golden Harvest Savings Plan for 2014
- 1st Place - Highest Production Number of New Accounts for FIP for 2014.

A number of Credit Unions received awards in the annual competition in the categories of:

- Mega Credit Union of the Year Award - JTA Co-operative Credit Union
- Large Credit Union of the Year Award - NCB Co-operative Credit Union
- Medium Credit Union of the Year Award - Postal Co-operative Credit Union
- Small Credit Union of the Year Award - Nestle Co-operative Credit Union

Six sectional prizes were awarded to credit unions that outperformed their peers in various aspects of their

financial operations as follows:

- Highest Net Capital Growth - National Security Employees
- Highest Asset Growth - Church of the First Born
- Credit Union with the highest Solvency - D&G Employees
- Credit Union with the highest Return on Assets - Portland
- Parish Credit Union with the Highest Net Loan growth - St. Elizabeth
- Most Outstanding Parish Credit Union - Manchester

BOARD REPORT

The Annual General Meeting was chaired by President Derrick Tulloch who did a multi-media presentation summarising the Board's Report. All aspects of JCCUL's operations were presented and examined.

RULE AMENDMENTS

A number of rule changes were proposed for discussion at the 2015 Annual General Meeting.

Rationale for rule changes

- The interpretations section is being amended to:
 - a) Tighten the definition of "financial distress"
 - b) Define "Prior Undivided Earnings Deficit Guarantee"
 - c) Define "Net Institutional Capital"
- Changes were proposed to the rules to provide for the approval of Bylaws.
- Rule 37 was amended:
 - a) To provide for the ability of the Board to be able to change the peer group asset categories as credit unions grow.
 - b) To adequately provide for the tenure of a Director who was elected by a particular peer group but whose credit union has grown and moved to another peer group.
- Rule 41(5) was amended to provide for the verification that a Director is in good standing not just with his credit union but other financial institutions as well.
- Rule 71 was amended to include the net value of the Stabilization Fund

The Annual General Meeting was chaired by President Derrick Tulloch. All aspects of JCCUL's operations were presented and examined.

League's Performance 2014

- Our League received approval to pilot Phase II of the mobile wallet app from the Bank of Jamaica under the Payments and Settlement Act. At year end this pilot was proceeding with credit unions and some Paymaster locations.
- Credit Unions have also given their approval for the setting up of a new company. JaMobile Payment Services Limited to build out this business.
- The consolidated performance of the League's group of companies made a surplus of \$96.94 million and an after tax income of \$29.91 million.
- At the end of the year, assets of the Group stood at \$12.24 billion moving by 6.71% or \$0.77 billion from \$11.47 billion in 2013.
- Net institutional capital to assets ratio declined to 10.95% compared to 11.4% in 2013.

MOVEMENT'S FINANCIAL PERFORMANCE 2014 VERSUS 2013

	Preliminary Performance -2014		Performance -2013	
	Amount	% Growth	Amount	% Growth
Savings \$B	\$ 62.726	6.64%	\$ 58.822	7.04%
Loans \$B	\$ 55.712	6.11%	\$ 52.504	10.01%
Assets \$B	\$ 82.150	7.03%	\$ 76.753	7.90%
Membership	988,900	1.66%	972,774	2.32%

The Directors elected at the AGM for the 2015-2016 financial year were:

- | | |
|---------------------|-----------------------|
| Derrick Tulloch | - President |
| Carol Anglin | - 1st Vice President |
| Winston Fletcher | - 2nd Vice President |
| Andrea Messam | - Treasurer |
| Jerry Hamilton | - Assistant Treasurer |
| Rodcliffe Robertson | - Secretary |
| Dr. Dorothy Raymond | - Assistant Secretary |
| Martin Blackwood | |
| Paul Gardner | |
| Norris Gilbert | |
| O'Neil Grant | |
| Clide Nesbeth | |
| Anthony Young | |
| Lambert Johnson | |
| Glenroy Williams | |

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

On behalf of the delegates,



Jacqueline Mighty (Mrs.)
Delegate



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RETIREMENT YEARS?**

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With a COK Pension Plan, self employed individuals and individuals whose company does not have a Pension Plan can start today and make sure they can afford to enjoy every minute of retirement.

Come in to COK and put a sound plan in place for your pension.



DELEGATES' REPORT TO THE ANNUAL GENERAL MEETING OF THE JAMAICA FISHERMEN'S CO-OPERATIVE UNION LTD. HELD AT THE TROPICS VIEW HOTEL, WARDVILLE, HATFIELD, MANDEVILLE APRIL 12, 2016

The Annual General Meeting (AGM) of the Jamaica Fishermen's Co-operative Union Ltd. (JFCU) was held at the Tropics View Hotel, Hatfield, Mandeville on April 12, 2016. COK Sodality's delegates, Mr. Michael Burke and Mrs. Jacqueline Mighty were in attendance.

The Board of Directors Report for the period ending June 2015 was presented by the Board Secretary Mr. Elliston Deleon and the following matters were highlighted:

- Despite the challenging year, the Society recorded increased sales of 2% from \$143.0M in 2014 to \$145.0M in 2015.
- Operating expenses increased by 4% from \$42.4M in 2014 to \$44.3M in 2015.
- The Society achieved a surplus of \$3.65M, a decline of 21% when compared to the previous year.
- Assets grew by 16% over the previous year.
- The Boat Project made an improved performance generating a surplus of \$1.3M, up from \$334,000 the previous year.
- The Primary Co-operatives continue to have challenges and several are struggling to remain in business. There are presently seven (7) Primary Co-operatives operating.
- The International Fishermen's Conference was held on July 1, 2015 at the St. Gabriel's Anglican Church, May Pen, Clarendon with a record turnout. The conference was well received by the participants who were spread from fishing beaches around the island.
- The JFCU continues to play an integral part in the oil surveys being carried out by interested parties in an effort to protect the interests of fisher-folks.
- A project has been developed by the National Union of Co-operative Societies (NUCS) which will come on stream in 2016 and which will be funded by the Development Bank of Jamaica to assist the JFCU to improve on its development of a Strategic Plan, Business Plan and assessment of its Human Resources and to provide training.

Four delegates were elected to represent the Jamaica Fishermen's Co-operative Union at NUCS.

They are:

- Mr. Gaston White - delegate from the Half Moon Bay Fishermen's Co-operative
- Mr. Shawn Taylor - delegate from Calabash Bay Fishermen's Co-operative
- Miss Ionie Henry - Manager JFCU;
- Mr. Michael Burke - delegate from COK Sodality Credit Union.

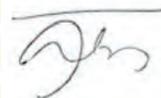
The meeting appointed the following persons to the Board of Directors for a period of three (3) years.

- Milton Salmon - Gillings Gully Fishermen's Co-operative
- Yvonne Cox - Half-Moon Bay Fishermen's Co-operative
- Sandra McLeod - Old Harbour Bay Fishermen's Co-operative

Other members of the Board who were not up for re-election at this AGM are:

- Havelan Honeyghan - Gillings Gully Fishermen's Co-operative
- Shawn Taylor - Calabash Bay Fishermen's Co-operative
- Shawn Ascott - Alloa Fishermen's Co-operative
- Ian Edwards - N.E Island Fishermen's Co-operative
- Glaston White - Half Moon Bay Fishermen's Cooperative
- Junior McDonald - Old Harbour Bay Fishermen's Cooperative

On behalf of the delegates,



Jacqueline Mighty (Mrs.)
Delegate

REPORT OF THE EDUCATION COMMITTEE

- The development, organisation and evaluation of educational programmes in order to meet the organisation's educational needs;
- The continuing education among COK's members;
- Administering the various scholarships offered by the organisation.

Members of the Committee for 2015 were:

- Mr. Al Chambers - Chairman
- Mrs. Jacqueline Mighty
- Mrs. Marsha Cole-Hart
- Mrs. Emma Thomas
- Mrs. Marcia Detry Fogah
- Mrs. Norma Chambers
- Mr. Basil Lue
- Mrs. Enid Bonfield
- Mrs. Claudine Scott
- Mrs Dawn Gardner-Rose
- Ms. Selvina Waite
- Ms. Dorraine Wright
- Mr. Peter Downey
- Mrs. Barbara McKenzie

The Committee held two (2) meetings during 2015 where it reviewed and discussed the Education Policy and fund raising activities to support the award of scholarships and the Margaret Rogers Foundation Grant. The Committee, as part of its mandate, also reviewed the guidelines that govern the award of scholarships and the Margaret Rogers Foundation Grant to ensure that they were still relevant and meeting the needs for which they were established.

The Committee awarded several scholarships and grants totalling approximately \$600,000.00 during the year.

THE BERTIE MORRIS SCHOLARSHIP

This scholarship is open to children of employees with a minimum of two years permanent employment with the organisation. A total of 17 scholarships were offered for 2015, in two categories as follows:

Category 1: Awarded to nine (9) children between the ages of 6-11 years old, enrolled in Primary or Private Preparatory Schools, and maintaining grade averages of 80% and over.

Category 2: Awarded to eight (8) children between the ages of 11 – 18 years old and enrolled in Secondary or High School.

THE CARTER CARTER SCHOLARSHIP

This scholarship is open to children of COK Sodality members who are attending or about to enter secondary school. Students should be involved in an extra-curricular activity and demonstrate a need for

financial assistance. The scholarship is for a period of two years.

For 2015 a total of nine (9) students were in the programme with six (6) renewals and three (3) new awardees; one from each county.

TREVOR BLAKE SCHOLARSHIP

This scholarship is open to the general membership and the recipient(s) must be between the ages of 18 – 35 and accepted to pursue or enrolled in a Degree Programme in one of the following disciplines: - Management Studies, Banking, Finance or Accounting at a local university. This scholarship is for a period of two (2) years.

To be eligible for this scholarship, the successful candidate must be a member of COK Sodality for at least two (2) years or be a child whose parent is a member for at least two (2) years.

Two applications were received for 2015, however, only one scholarship was issued.

PAUL CHEVANNES SCHOLARSHIP

This scholarship is open to the general membership and the recipient(s) should be between the ages of 18 – 35. The recipient(s) should be pursuing a Degree in Management Studies/Business Administration at a local university.

The scholarship is for a period of two (2) years.

To be eligible for the scholarship, the successful candidate must be a member of COK Sodality for at least two (2) years, or a child whose parent is a member for at least two (2) years and has satisfactorily completed two years in a First Degree Programme.

Four applications were received but only one scholarship was issued in 2015 as only one person qualified.

MARGARET RODGERS FOUNDATION GRANT

This grant is awarded to the child of a COK Sodality member who has maintained a B+ average, is involved in extra-curricular activities and is in need of financial assistance.

For 2015 two (2) students benefited from this grant.

CONCLUSION

The Education Committee continues to fulfil its mandate by supporting the organisation's education demands.

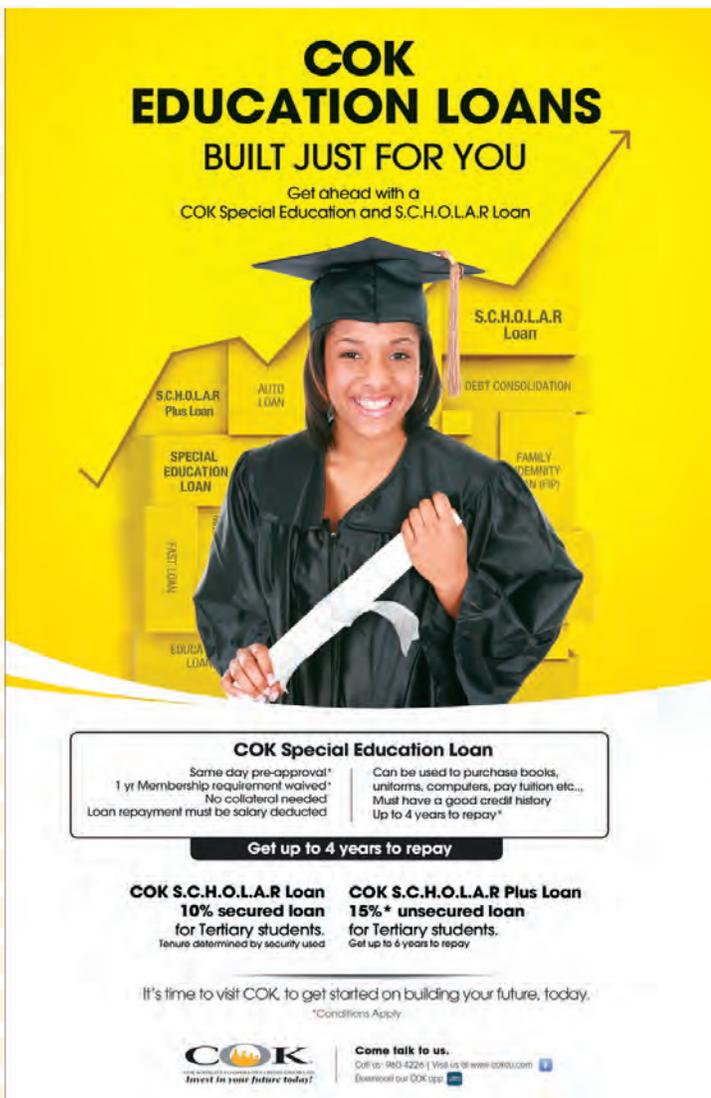
We would like to thank the members of this Committee for their commitment and dedication. Our members are invited to continue to support the Credit Union as it is with your support that we are able to provide these

scholarship and grants to enhance/improve the well-being of others.

On behalf of the Education Committee,



Al Chambers
Chairman



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S.C.H.O.L.A.R. Loan

S.C.H.O.L.A.R. Plus Loan

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AUTO LOAN

DEBT CONSOLIDATION

FAMILY SECURITY (FIP)

EDUCATION LOAN

COK Special Education Loan

Same day pre-approval*
1 yr Membership requirement waived*
No collateral needed
Loan repayment must be salary deducted

Can be used to purchase books, uniforms, computers, pay tuition etc...
Must have a good credit history
Up to 4 years to repay*

Get up to 4 years to repay

COK S.C.H.O.L.A.R. Loan
10% secured loan for Tertiary students.
Tenure determined by security used

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With Your Credit Union:

- Your savings are secure.
- You can borrow what you need without touching your savings.
- You get automatic life insurance on savings.*
- Your loans are insured at no direct cost to you.*
- Your family can benefit from up to 200% of your savings upon death.*
- Your family achieves peace of mind knowing you have a solid FIP for final expenses.
- You share in any surplus the credit union makes because you are a part owner.

*Conditions Apply

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LIST OF DECEASED MEMBERS FOR WHOM CLAIMS WERE SUBMITTED IN 2015

1. ADAMSON	CHARLES	55. FITZGERALD	HALTON
2. ALLEN	JOHN	56. FOLLETT	ANNETTE
3. ANDERSON	CYNTHIA	57. FORBES	NOVLETTE
4. ANDERSON	DEXBERT	58. FORMAN	ALLAN
5. ANDERSON	UCAL	59. FOSTER	DWAYNE
6. BADAL	FREDERICK	60. FRANCIS	LEROY
7. BAILEY	LEEFORD	61. FULLER	GILBERT
8. BAKER	JEREMIAH	62. GALLIMORE	RUPERT
9. BAKER	GEORGE	63. GOLDSON	ENEVAR
10. BARNETT-BELL	JOSEPHINE	64. GORDON	MAURICE
11. BARRETT	EVERTON	65. GORDON	DERRICK
12. BARRETT	DELROY	66. GORDON	CYNTHIA
13. BAUGH	MARTIN	67. GRAHAM	COMMIE
14. BECKFORD	GLORIA	68. GRAHAM-MCGROWDER	JOYCE
15. BELNAVIS	ALVA R.S.	69. GRANT	AARON
16. BERNARD	DEVON	70. GRANT-WALKER	ESTELLA
17. BLACK	LLOYD	71. HALL	ICEMA
18. BLAKE	LEON	72. HAMILTON	JUNIE
19. BOLTON	HYACINTH	73. HARPER	PAULINE
20. BOOKALL	PAULETTE	74. HARRIS	EVETTE
21. BOURNE	RUBY	75. HENRY	RICHARD
22. BROWN	DERRICK	76. HIGGINS-BRISSETT	HYACINTH
23. BROWN	LLEWELLYN	77. HUNTER	KAYDENE
24. BROWN	MERLYN	78. HUTCHINSON	HENRY
25. BROWN	NEVILLE	79. HYMAN	RALSTON
26. CAIN	KEZIAH	80. IRVING	VERONICA
27. CAMPBELL	DAVID	81. IRVING-FONG	LILETH
28. CAMPBELL	WINSTON	82. JACOBS	ERNEST
29. CAMPBELL	MICHAEL	83. JARRETT-BROWN	MARCIA
30. CAMPBELL	CAROL	84. JOHNSON	WILMA
31. CHAMBERS	EULALEE	85. LEWIS	MARGARET
32. CHEESE	LIONEL	86. LEWIS-PRINCE	MARGARET
33. CHRISTIE	LESLIE	87. LLOYD	ANN MARIE
34. CLARKE	ORTENSA	88. LONEY	FABIAN
35. COLE	ROY	89. MALCOLM	ROBERT
36. COOPER	REGINALD	90. MARSHALL	MONICA
37. CORBETT-BRAVO	ZELORES	91. MCDONALD	LESLIE
38. CORNIFFE	JOSLYN	92. MCKENZIE	ELSA
39. COUSINS	WINSTON	93. MCLEAN	MENTHADELL
40. COX	HENRY	94. MCLUNE	HYMAN
41. CRAWFORD	JENEENE	95. MCQUEEN	CLEMENT
42. DACOSTA-SCOTT	SUZAN	96. MILES	DENSEL
43. DAVIS	DONOVAN	97. MITCHELL	HARRY
44. DAVIS	ERROL	98. MITCHELL	NOEL
45. DAVIS	CARLETT	99. MITO-WILLIAMS	HEATHER
46. EDWARDS	EULET	100. MORGAN	JOYCELYN
47. EDWARDS	ERROL	101. MULLINGS	SANDRA
48. EDWARDS	GILBERT	102. MURPHY	GWENDOLYN
49. EDWARDS	RUPERT	103. MURRAY	ERROL
50. EIVYN	JENNIFER	104. NOBLE	EMMANUEL
51. EWART	SONIA	105. OCCONNOR	VIVALYN
52. FACEY	ALLISON	106. PEAT	ANTHONY
53. FARRIER	ANDREI	107. RAGNATT	RICHARD
54. FERGUSON	AUDLEY	108. REID	SOPHIA

**LIST OF DECEASED MEMBERS FOR WHOM CLAIMS WERE SUBMITTED
 IN 2015 (CONT'D)**

- | | | |
|------|----------------|-------------|
| 109. | REYNOLDS-LEWIS | DAISY |
| 110. | RICHARDS | DONNA-MARIE |
| 111. | RICKETTS | ICILDA |
| 112. | ROBERTS | LINETTE |
| 113. | ROBINSON | PEARL-MAE |
| 114. | ROCHESTER | NORMA |
| 115. | SALMON | WILTON |
| 116. | SALMON | PATRICIA |
| 117. | SCOTT | KENNETH |
| 118. | SENIOR | VERNA |
| 119. | SIMPSON | MAVIS |
| 120. | SMITH | CARMEN |
| 121. | SMITH | WILLIAM |
| 122. | SMITH | KENYOUTH |
| 123. | SMITH | ROLANDO |
| 124. | SMITH | ONIEL |
| 125. | SMITH | GEORGE |
| 126. | SPENCE | RUPERT |
| 127. | STAMP | PAUL |
| 128. | STEPHENSON | ROBERT |
| 129. | STONE | ASHTON |
| 130. | TAYLOR | ANNESHA |
| 131. | TAYLOR | CANUTE |
| 132. | THOMPSON | VERNON |
| 133. | THOMPSON | LORNA |
| 134. | THOMPSON | VIVIENNE |
| 135. | TIMBERLAKE | STEVENS |
| 136. | TURNER | MELVIN |
| 137. | TYNDALE-WONG | SUZETTE |
| 138. | ULETT | JOSCELYN |
| 139. | URELL | GREGORY |
| 140. | VASSELL | WILTON |
| 141. | VIRGO | JERMAINE |
| 142. | WAINWRIGHT | WINSOME |
| 143. | WEBLEY | LORNA |
| 144. | WEST | MICHEAL |
| 145. | WHYTE | MERCY |
| 146. | WHYTE | PRECIOUS |
| 147. | WHYTE | MYRTLE |
| 148. | WILLIAMS | EDNA |
| 149. | WILSON | BRENDA |
| 150. | WILSON | RODERICK |



The Family Indemnity Plan (FIP)

Individual Benefit & Monthly Premium

PLAN	INDIVIDUAL BENEFIT	MONTHLY PREMIUM
A	\$80,000	\$422.40
B	\$120,000.00	\$633.60
C	\$150,000.00	\$792.00
D	\$250,000.00	\$1,320.00
E	\$400,000.00	\$2,112.00
F	\$650,000.00	\$3,432.00
G	\$1,000,000.00	\$5,280.00



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
 (Agency of the Ministry of Industry, Commerce, Agriculture and Fisheries)

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

**2 MUSGRAVE AVENUE
 KINGSTON 10**

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

E-mail: dcfs@cwjamaica.com

**S1
 R325/-82/05/16**

May 20, 2016

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

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2015.

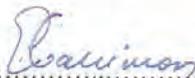
The continued burgeoning accumulated deficits which is leading to the erosion of the Society's Capital, requires firm and immediate attention by the Board of Directors in the short term.

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,



.....
Errol Gallimore
 REGISTRAR OF CO-OPERATIVE SOCIETIES
 AND FRIENDLY SOCIETIES

FINANCIAL STATEMENTS

DECEMBER 31 2015



KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

Independent Auditors' Report

To the Registrar of Co-operative Societies
COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

We have audited the separate financial statements of COK Sodality Co-operative Credit Union Limited (the co-operative) and the consolidated financial statements of the co-operative and its subsidiary (the group), set out on pages 3 to 52, which comprise the group's and co-operative's statements of financial position as at December 31, 2015, the group's and co-operative's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditors' Report

To the Registrar of Co-operative Societies
COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and the co-operative as at December 31, 2015, and of the group's and co-operative's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Co-operative Societies Act.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(d) to the financial statements, which discloses conditions regarding going concerns and management plans for the group.

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

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, are correct, duly vouched and in accordance with the provisions of the Co-operative Societies Act.

KPMG

Chartered Accountants
Kingston, Jamaica

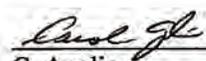
May 12, 2016

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Group Statement of Financial Position
December 31, 2015

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
ASSETS			
Earning assets:			
Loans to members	4	5,512,808	5,144,998
Credit card advances		-	20,756
Less allowance for loan losses	5	(150,136)	(109,465)
	4(b)	5,362,672	5,056,289
Liquid assets	6	1,000,668	848,077
Financial investments	7	<u>787,292</u>	<u>904,304</u>
Total earning assets		<u>7,150,632</u>	<u>6,808,670</u>
Non-earning assets:			
Liquid assets	8	92,107	119,716
Other assets	9	213,333	204,776
Employee benefits asset	10(a)	112,014	120,934
Property, plant and equipment	11	225,541	215,368
Intangible asset	12	30,283	25,381
Investment in associate	13(b)	<u>11,069</u>	<u>14,101</u>
Total non-earning assets		<u>684,347</u>	<u>700,276</u>
TOTAL ASSETS		<u>7,834,979</u>	<u>7,508,946</u>
LIABILITIES			
Interest bearing liabilities:			
Savings deposits	14	4,523,567	4,307,734
Voluntary shares	15	2,288,873	2,190,876
Deferred shares	16	300,000	300,000
External credits	17	<u>50,720</u>	<u>144,927</u>
Total interest-bearing liabilities		<u>7,163,160</u>	<u>6,943,537</u>
Non-interest bearing liabilities:			
Payables and accruals	18	241,122	206,059
Other liabilities	19	<u>49,232</u>	<u>28,037</u>
Total non-interest bearing liabilities		<u>290,354</u>	<u>234,096</u>
Total liabilities		<u>7,453,514</u>	<u>7,177,633</u>
EQUITY			
Permanent shares	20	500,622	408,974
Non-institutional capital	21(a)	(737,842)	(690,624)
Institutional capital	21(b)	463,651	462,910
Investment revaluation reserve	22(a)	7,075	5,638
Loan loss reserve	22(b)	35,945	23,481
Pension reserve	23	<u>112,014</u>	<u>120,934</u>
Total equity		<u>381,465</u>	<u>331,313</u>
TOTAL LIABILITIES AND EQUITY		<u>7,834,979</u>	<u>7,508,946</u>

The financial statements on pages 3 to 52 were approved for issue by the Board of Directors on May 12, 2016 and signed on its behalf by:


 C. Anglin Director


 S. Pitterson Treasurer

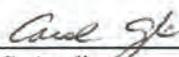
The accompanying notes form an integral part of the financial statements.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Co-operative Statement of Financial Position
December 31, 2015

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
ASSETS			
Earning assets:			
Loans to members	4	5,512,808	5,144,998
Credit card advances		-	20,756
Less allowance for loan losses	5	(150,136)	(109,465)
	4(b)	5,362,672	5,056,289
Liquid assets	6	999,960	847,368
Financial investments	7	<u>787,292</u>	<u>904,304</u>
Total earning assets		<u>7,149,924</u>	<u>6,807,961</u>
Non-earning assets:			
Liquid assets	8	87,464	116,892
Other assets	9	224,281	214,730
Employee benefits asset	10(a)	112,014	120,934
Property, plant and equipment	11	225,541	215,368
Intangible asset	12	30,283	25,381
Investment in subsidiary	13(a)	1,000	1,000
Investment in associate	13(b)	<u>21,726</u>	<u>21,726</u>
Total non-earning assets		<u>702,309</u>	<u>716,031</u>
TOTAL ASSETS		<u>7,852,233</u>	<u>7,523,992</u>
LIABILITIES			
Interest bearing liabilities:			
Savings deposits	14	4,523,567	4,307,734
Voluntary shares	15	2,288,873	2,190,876
Deferred shares	16	300,000	300,000
External credits	17	<u>50,720</u>	<u>144,927</u>
Total interest-bearing liabilities		<u>7,163,160</u>	<u>6,943,537</u>
Non-interest bearing liabilities:			
Payables and accruals	18	235,524	201,343
Other liabilities	19	<u>49,232</u>	<u>28,037</u>
Total non-interest bearing liabilities		<u>284,756</u>	<u>229,380</u>
Total liabilities		<u>7,447,916</u>	<u>7,172,917</u>
EQUITY			
Permanent shares	20	500,622	408,974
Non-institutional capital	21(a)	(714,990)	(670,862)
Institutional capital	21(b)	463,651	462,910
Investment revaluation reserve	22(a)	7,075	5,638
Loan loss reserve	22(b)	35,945	23,481
Pension reserve	23	<u>112,014</u>	<u>120,934</u>
Total equity		<u>404,317</u>	<u>351,075</u>
TOTAL LIABILITIES AND EQUITY		<u>7,852,233</u>	<u>7,523,992</u>

The financial statements on pages 3 to 52 were approved for issue by the Board of Directors on May 12, 2016 and signed on its behalf by:


 _____ Director


 _____ Treasurer

S. Pitterson

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2015

	Note	Group		Co-operative	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest income:					
Loans to members		742,668	678,386	742,668	678,386
Investments and deposits		<u>129,605</u>	<u>149,196</u>	<u>129,559</u>	<u>149,152</u>
		<u>872,273</u>	<u>827,582</u>	<u>872,227</u>	<u>827,538</u>
Interest expense:					
Members' deposits		(183,341)	(175,841)	(183,341)	(175,841)
External credits		<u>(5,980)</u>	<u>(1,776)</u>	<u>(5,980)</u>	<u>(1,776)</u>
		<u>(189,321)</u>	<u>(177,617)</u>	<u>(189,321)</u>	<u>(177,617)</u>
Net interest income		682,952	649,965	682,906	649,921
Provisions for losses:					
Loans to members	5	(89,011)	(57,331)	(89,011)	(57,331)
Interest receivable	9(iv)	(2,257)	(6,846)	(2,257)	(6,846)
Other assets	9(iv)	<u>(9,031)</u>	<u>(69,258)</u>	<u>(9,031)</u>	<u>(69,258)</u>
Net interest income after write-offs and provision for losses		582,653	516,530	582,607	516,486
Non-interest income/(expense):					
Fees		196,849	184,550	196,849	184,550
Other income	24	105,517	103,514	104,278	104,221
Foreign exchange trading remittance		1,218	2,872	-	-
(Loss)/gains on disposal of investments		(320)	2,076	(320)	2,076
Dividends from equity investments		-	506	-	506
Share of loss of associate	13(b)	(3,032)	(5,647)	-	-
Reduction in interest in associate		-	(2,707)	-	-
Other financial costs	25	<u>(26,437)</u>	<u>(29,191)</u>	<u>(25,067)</u>	<u>(28,182)</u>
Gross margin		856,448	772,503	858,347	779,657
Operating expenses	26	<u>(874,019)</u>	<u>(816,661)</u>	<u>(872,828)</u>	<u>(813,290)</u>
Deficit for the year		<u>(17,571)</u>	<u>(44,158)</u>	<u>(14,481)</u>	<u>(33,633)</u>
Other comprehensive income/(loss):					
Item that will never be reclassified to profit or loss:					
Re-measurement (loss)/gain on employee benefits asset [note 10(f)]		(26,103)	9,229	(26,103)	9,229
Item that may be reclassified to profit or loss:					
Change in fair value of available-for-sale financial assets		<u>1,437</u>	<u>(285)</u>	<u>1,437</u>	<u>(285)</u>
Total other comprehensive income/(loss)		<u>(24,666)</u>	<u>8,944</u>	<u>(24,666)</u>	<u>8,944</u>
Total comprehensive loss for the year		<u>(42,237)</u>	<u>(35,214)</u>	<u>(39,147)</u>	<u>(24,689)</u>

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

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Group Statement of Changes in Equity
Year ended December 31, 2015

	Group						
	Permanent shares \$ 000	Non-institutional capital \$ 000	Institutional capital \$ 000	Investment revaluation reserve \$ 000	Loan loss reserve \$ 000	Pension reserve \$ 000	Total \$ 000
Balances at December 31, 2013	380,613	(609,086)	462,466	5,923	-	97,806	337,722
Total comprehensive income for the year:							
Deficit for the year	-	(44,158)	-	-	-	-	(44,158)
Other comprehensive income:							
Re-measurement of employee benefits asset	-	9,229	-	-	-	-	9,229
Change in fair value of investments	-	-	-	(285)	-	-	(285)
Total comprehensive loss for the year	-	(34,929)	-	(285)	-	-	(35,214)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners	28,361	-	-	-	-	-	28,361
Amounts subscribed, net of refunds	-	-	444	-	-	-	444
Entrance fees	-	-	-	-	-	-	-
Movements in reserves							
Transfer to pension reserve	-	(23,128)	-	-	-	23,128	-
Transfer to loan loss reserve	-	(23,481)	-	-	23,481	-	-
Total transactions with owners and movements in reserves	28,361	(46,609)	444	-	23,481	23,128	28,805
Balances at December 31, 2014	408,974	(690,624)	462,910	5,638	23,481	120,934	331,313

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

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Group Statement of Changes in Equity (Continued)
Year ended December 31, 2015

	Group						
	Permanent shares \$'000	Non-institutional capital \$'000	Institutional capital \$'000	Investment revaluation reserve \$'000	Loan loss reserve \$'000	Pension reserve \$'000	Total
Balances at December 31, 2014	408,974	(690,624)	462,910	5,638	23,481	120,934	331,313
Total comprehensive income for the year:							
Deficit for the year	-	(17,571)	-	-	-	-	(17,571)
Other comprehensive income:							
Re-measurement of employee benefits asset	-	(26,103)	-	-	-	-	(26,103)
Change in fair value of investments	-	-	-	1,437	-	-	1,437
Total comprehensive loss for the year	-	(43,674)	-	1,437	-	-	(42,237)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners	91,648	-	-	-	-	-	91,648
Amounts subscribed, net of refunds	-	-	741	-	-	-	741
Entrance fees	-	-	-	-	-	-	-
Movements in reserves							
Transfer from pension reserve	-	8,920	-	-	-	(8,920)	-
Transfer to loan loss reserve	-	(12,464)	-	-	12,464	-	-
Total transactions with owners and movements in reserves	91,648	(3,544)	741	-	12,464	(8,920)	92,389
Balances at December 31, 2015	500,622	(737,842)	463,651	7,075	35,945	112,014	381,465

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

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Co-operative Statement of Changes in Equity
Year ended December 31, 2015

	Co-operative						
	Permanent shares \$'000	Non-institutional capital \$'000	Institutional \$'000	Investment revaluation capital \$'000	Loan Loss reserve \$'000	Pension reserve \$'000	Total
Balances at December 31, 2013	380,613	(599,849)	462,466	5,923	-	97,806	346,959
Total comprehensive income for the year	-	(33,633)	-	-	-	-	(33,633)
Deficit for the year	-	-	-	-	-	-	-
Other comprehensive (loss)/income:	-	9,229	-	-	-	-	9,229
Re-measurement of employee benefits obligations	-	-	-	(285)	-	-	(285)
Change in fair value of investments	-	-	-	(285)	-	-	(24,689)
Total comprehensive loss for the year	-	(24,404)	-	(285)	-	-	(24,689)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Contributions by and distributions to owners	28,361	-	-	-	-	-	28,361
Amounts subscribed, net of refunds	-	-	444	-	-	-	444
Entrance fees	-	-	-	-	-	-	-
Movements in reserves	-	(23,128)	-	-	-	23,128	-
Transfer to pension reserve	-	(23,481)	-	-	-	-	-
Transfer to loan loss reserve	-	-	-	-	23,481	-	-
Total transactions with owners and movements in reserves	28,361	(46,609)	444	-	23,481	23,128	28,805
Balances at December 31, 2014	408,974	(670,862)	462,910	5,638	23,481	120,934	351,075

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

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Co-operative Statement of Changes in Equity (Continued)
Year ended December 31, 2015

	Co-operative							Total
	Permanent shares \$'000	Non-institutional capital \$'000	Institutional \$'000	Investment Revaluation capital \$'000	Loan Loss reserve \$'000	Pension reserve \$'000		
Balances at December 31, 2014	408,974	(670,862)	462,910	5,638	23,481	120,934	351,075	
Total comprehensive income for the year								
Deficit for the year	-	(14,481)	-	-	-	-	(14,481)	
Other comprehensive (loss)/income:								
Re-measurement of employee benefits obligations	-	(26,103)	-	-	-	-	(26,103)	
Change in fair value of investments	-	-	-	1,437	-	-	1,437	
Total comprehensive loss for the year	-	(40,584)	-	1,437	-	-	(39,147)	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners	91,648	-	-	-	-	-	91,648	
Amounts subscribed, net of refunds	-	-	741	-	-	-	741	
Entrance fees	-	-	-	-	-	-	-	
Movements in reserves								
Transfer from pension reserve	-	8,920	-	-	-	(8,920)	-	
Transfer to loan loss reserve	-	(12,464)	-	-	12,464	-	-	
Total transactions with owners and movements in reserves	91,648	(3,544)	741	-	12,464	(8,920)	92,389	
Balances at December 31, 2015	500,622	(714,990)	463,651	7,075	35,945	112,014	404,317	

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

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Statement of Changes in Equity (Continued)
Year ended December 31, 2015

	Non-Institutional Capital			
	<u>Prior undivided earnings</u>	<u>Permanent share capital reserves</u>	<u>Accumulated deficit</u>	<u>Total</u>
	[Note 21(a)(ii)] \$'000	[Note 21(a)] \$'000	\$'000	\$'000
	Group			
Balances at December 31, 2013	(180,000)	3,495	(432,581)	(609,086)
Deficit for the year	-	-	(44,158)	(44,158)
Re-measurement of employee benefits asset	-	-	9,229	9,229
Transfer to pension reserve	-	-	(23,128)	(23,128)
Transfer to loan loss reserve	-	-	(23,481)	(23,481)
Balances at December 31, 2014	(180,000)	3,495	(514,119)	(690,624)
Deficit for the year	-	-	(17,571)	(17,571)
Re-measurement of employee benefits asset	-	-	(26,103)	(26,103)
Transfer from pension reserve	-	-	8,920	8,920
Transfer to loan loss reserve	-	-	(12,464)	(12,464)
Balances at December 31, 2015	<u>(180,000)</u>	<u>3,495</u>	<u>(561,337)</u>	<u>(737,842)</u>
	Co-operative			
Balances at December 31, 2013	(180,000)	3,495	(423,344)	(599,849)
Deficit for the year	-	-	(33,633)	(33,633)
Transfer to loan loss reserve	-	-	(23,481)	(23,481)
Transfer to pension reserve	-	-	(23,128)	(23,128)
Re-measurement of employee benefits asset	-	-	9,229	9,229
Balances at December 31, 2014	(180,000)	3,495	(494,357)	(670,862)
Deficit for the year	-	-	(14,481)	(14,481)
Transfer to loan loss reserve	-	-	(12,464)	(12,464)
Transfer from pension reserve	-	-	8,920	8,920
Re-measurement of employee benefits asset	-	-	(26,103)	(26,103)
Balances at December 31, 2015	<u>(180,000)</u>	<u>3,495</u>	<u>(538,485)</u>	<u>(714,990)</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Statement of Cash Flows
Year ended December 31, 2015

	<u>Group</u>		<u>Co-operative</u>	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Deficit for the year	(17,571)	(44,158)	(14,481)	(33,633)
Adjustments for:				
Interest income	(872,273)	(827,582)	(872,227)	(827,538)
Interest expense	189,321	177,617	189,321	177,617
Depreciation and amortisation	40,289	54,502	40,289	54,502
Employee benefits asset	(4,345)	(2,033)	(4,345)	(2,033)
Loss on the disposal of property, plant and equipment	-	143	-	143
Provision for loan and other losses	100,299	133,435	100,299	133,435
Reduction in interest of associate	-	2,707	-	-
Share of loss in associate	<u>3,032</u>	<u>5,647</u>	<u>-</u>	<u>-</u>
	(561,248)	(499,722)	(561,144)	(497,507)
Changes in operating assets and liabilities				
Loans to members	(416,150)	(768,555)	(416,150)	(768,555)
Credit card advances	20,756	4,716	20,756	4,716
Saving deposits	215,833	227,900	215,833	227,900
Other assets	(22,392)	(17,913)	(23,386)	(19,931)
Non-interest bearing liabilities	52,698	48,979	51,816	46,767
Voluntary shares	97,997	5,550	97,997	5,550
External credits	<u>(94,207)</u>	<u>99,995</u>	<u>(94,207)</u>	<u>99,995</u>
	(706,713)	(899,050)	(708,485)	(901,065)
Interest received	874,820	1,020,534	874,774	1,020,470
Interest paid	<u>(185,761)</u>	<u>(158,521)</u>	<u>(185,761)</u>	<u>(158,521)</u>
Net cash used by operating activities	<u>(17,654)</u>	<u>(37,037)</u>	<u>(19,472)</u>	<u>(39,116)</u>
Cash flows from investing activities:				
Investment in debentures, shares and bonds	118,449	44,962	118,449	44,982
Acquisition of intangible asset	(13,828)	(16,500)	(13,828)	(16,500)
Acquisition of property, plant and equipment	(41,536)	(26,844)	(41,536)	(26,844)
Pension contributions	<u>(12,838)</u>	<u>(11,866)</u>	<u>(12,838)</u>	<u>(11,866)</u>
Net cash provided/(used) by investing activities	<u>50,247</u>	<u>(10,248)</u>	<u>50,247</u>	<u>(10,228)</u>
Cash flows from financing activities:				
Permanent shares	91,648	28,361	91,648	28,361
Entrance fee	741	444	741	444
Repayment of borrowings	<u>-</u>	<u>(3,481)</u>	<u>-</u>	<u>(3,481)</u>
Net cash provided by financing activities	<u>92,389</u>	<u>25,324</u>	<u>92,389</u>	<u>25,324</u>
Increase/(decrease) in liquid assets	124,982	(21,961)	123,164	(24,020)
Liquid assets at beginning of the year	<u>967,793</u>	<u>989,754</u>	<u>964,260</u>	<u>988,280</u>
Liquid assets at end of the year	<u>1,092,775</u>	<u>967,793</u>	<u>1,087,424</u>	<u>964,260</u>
Comprising:				
Liquid assets – earning	1,000,668	848,077	999,950	847,368
Liquid assets – non-earning	<u>92,107</u>	<u>119,716</u>	<u>87,454</u>	<u>116,892</u>
	<u>1,092,775</u>	<u>967,793</u>	<u>1,087,424</u>	<u>964,260</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements
December 31, 2015

1. Identification

- (a) City of Kingston Co-operative Credit Union Limited (the Society) was registered under the Co-operative Societies Act and is domiciled in Jamaica. On November 1, 2009, the Society merged with Sodality Co-operative Credit Union Limited and the name of the Society was changed to COK Sodality Co-operative Credit Union Limited (“the co-operative” or “COK”). Membership is limited to (a) persons living or working in the corporate area, (b) persons of the Catholic Faith, (c) employees of COK, (d) relatives of (b) and (c) wherever they may reside and (e) other co-operative societies. The co-operative’s operations are concentrated in the parishes of Kingston, St. Andrew, St. Catherine, St. James and Manchester. Its registered office and principal place of business is located at 66 Slipe Road, Kingston.

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

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

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

- (b) The co-operative’s subsidiary and associate are as follows:

	Principal Activity	Percentage Ownership	Country of Incorporation
Subsidiary			
COK Remittance Services Limited	Remittance and Money Transfer Services	100%	Jamaica
Associate			
Money Masters Limited	Investment broker	22.86% (2014: 22.86%)	Jamaica

The co-operative and its subsidiary are collectively referred to as the “group”.

2. Basis of preparation

- (a) Statement of compliance

The financial statements as at and for the year ended December 31, 2015 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS).

New and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The adoption of those new and amended standards and interpretations did not have any effect on the amounts and disclosures in the financial statements.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements
December 31, 2015

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the group. The group is assessing them and has determined that the following are relevant to its financial statements.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements
December 31, 2015

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New and amended standards and interpretations that are not yet effective (cont'd):

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
 - the order of notes to the financial statements is not prescribed.
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI.
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortization methods is inappropriate for intangible assets.
- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New and amended standards and interpretations that are not yet effective (cont'd):

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.
- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.
- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice, as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The group is assessing the impact that new and amended standards may have on its financial statements when they become effective.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for the inclusion of certain investments at fair value. Additionally, the defined benefits asset is recognised as the fair value of plan assets less the present value of the defined benefits obligation.

(c) Functional and presentation currency:

These financial statements are presented in Jamaica dollars, which is the functional currency of the co-operative. All financial information presented in Jamaica dollars has been rounded to the nearest thousands, except as otherwise indicated.

(d) Going concern:

The preparation of the financial statements in accordance with IFRS also assumes that the group will continue in operational existence for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and financial position assume no intention or necessity to liquidate the group or curtail the scale of its operations. This is commonly referred to as the going concern basis.

The group again reported a loss for the year and has significant deficit in non-institutional capital of \$738 million (2014: \$690 million) and \$715 million (2014: \$671 million) for the co-operative. Of this amount, JCCUL has guaranteed an amount of up to \$180 million [see note 21(a)(ii)]. The group and the co-operative had negative cash flows from operations of \$17 million (2014: \$37 million) and \$19 million (2014: \$39 million) respectively. Continuation of the group and the co-operative is therefore dependent on their ability to achieve future profitability.

COK Sodalitiy Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

2. Basis of preparation (cont'd)

(d) Going concern (cont'd):

The strategic plans of the co-operative for the near term envisages a return to sustained profitability through the implementation of several initiatives and include, but are not limited to the following:

- increasing the loans to asset ratio from 68% to 75% by growing the higher yield loan products especially in the Micro Finance Unit thereby increasing interest income;
- increasing the deferred shares portfolio through the issuance of \$500 million deferred shares to retire the \$300 million maturing deferred shares in May 2016 and thereby increasing the co-operative's capital by an additional \$200 million;
- leveraging the co-operative's real estate holding in a sale and leaseback transaction to realize a gain of approximately \$200 million; and
- managing loan delinquency to an acceptable level of 7.5% (2015: 9.43%).

Having regard to the foregoing the directors and management believe that the going concern basis continues to be appropriate in the preparation of the financial statements.

(e) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for loan loss:

In determining amounts recorded for impairment of loans receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant loans and loans portfolio with similar characteristics, such as credit risks.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

2. Basis of preparation (cont'd)

(e) Use of estimates and judgements (cont'd):

(ii) Pension and other post-retirement benefits:

The amounts recognised in the financial statements for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

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

(iii) Property, plant and equipment and intangible assets:

The residual value and useful lives of property, plant and equipment and intangible assets are reviewed at the reporting date, and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimates. The useful life of an asset is defined in terms of the asset's expected utility to the group.

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is consolidated from the date on which control is transferred to the group.

The consolidated financial statements include the assets, liabilities and results of operations of the co-operative and its subsidiary presented as a single economic entity. Intra-group transactions, balances and unrealised gains or loss on transactions between group entities are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Associate

Associate is an entity in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of its associate on the equity basis, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations, or made payments on behalf of an associate.

The associate's financial year ends on May 31 and, therefore, audited results as at December 31, 2015, were not available for inclusion in the consolidated financial statement at December 31, 2015. The share of profits included in the consolidated financial statements is based on the unaudited results up to December 31, 2015 [see details in note 13(b)]. The interest in associate is carried at cost in the co-operative's separate financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances and are carried at amortised cost.

(c) Property, plant and equipment

(i) Measurement:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

(ii) Subsequent costs:

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

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at rates estimated to write-down the relevant assets, over their expected useful lives, to their residual values. Land is not depreciated. The rates used are as follows:

Buildings	2½% per annum
Motorbike	33⅓% per annum
Office machinery and equipment	10%, 20% per annum
Computer equipment	20% (2014: 33%) per annum
Furniture and fixtures	10% (2014: 10%, 20%) per annum
Building improvements	10% per annum

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

(d) Investments

Securities that have a fixed or determinable payment and which are not quoted in an active market are classified as loans and receivables. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Debt securities that the group has the intent and ability to hold to maturity are classified as held-to-maturity. All other investments are classified as available-for-sale instruments.

Loans and receivables and held-to-maturity investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest method, less impairment losses. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. Available-for-sale investments are measured initially at cost and subsequently at fair value with changes in fair value recognised directly in other comprehensive income, except for impairment losses and in the case of debt securities, foreign exchange gains and losses. Where fair value cannot be reliably measured, they are stated at cost. Where the securities are disposed of, or impaired, the related accumulated unrealised gains or losses are recognised in profit or loss. Equity securities are considered impaired when there is a prolonged or significant decline in fair value below the cost of the securities.

Investments are recognised/derecognised on the day they are transferred to/from the group.

Fair value is determined based on quoted market bid price. Where a quoted market price is not available, the fair value is estimated using discounted cash flows. The estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(e) Resale agreements

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

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

(f) Loans to members and allowance for loan losses

(i) Loans to members:

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the co-operative does not intend to sell immediately or in the near term. Loans are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less allowance for loan loss.

(ii) Allowance for loan losses:

An allowance for loan loss is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that amounts due according to the contractual terms will not be collected. Where a loan is identified as impaired, a specific provision is recorded against such loan to reduce it to its estimated recoverable amount. The recoverable amount is determined as the present value of the expected future cash flows discounted at the loan's original effective interest rate.

An allowance for loan loss is also made where there is objective evidence that a portfolio of similar loans is impaired. The expected cash flows for a portfolio of similar loans are estimated based on previous experience and the credit rating of the borrowers.

The guidelines stipulated by JCCUL, according to the PEARLS standard, require the allowance for loan losses to be stipulated percentages of total delinquent loans, the percentage varying with the period of delinquency, without considering security held against such loans.

The allowance for loan losses required by PEARLS that is in excess of the requirements of IFRS is treated as an appropriation of undistributed net income and included in a non-distributable loan loss reserve.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(g) Other assets

Other assets are stated at amortised cost, less impairment losses.

(h) Intangible asset

Intangible asset, which represents software development costs, is stated at cost, less accumulated amortisation and impairment losses, if any. Expenditure on internally developed software is recognised as an asset when the group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the cost. It is being amortised at 10% (2014: 33½%) per annum. Development costs incurred up to the date on which the software is available for use are included in deferred expenditure and, thereafter, transferred to intangible asset.

(i) Other payables and accruals

Other payables and accruals are stated at amortised cost.

(j) External credits

External credits are measured initially at cost and subsequently at amortised cost.

(k) Impairment

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the group's loans and receivables and held-to-maturity investments is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. The recoverable amount in respect of an available-for sale investment is its current fair value. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(ii) Reversals of impairment:

In respect of loans and receivables, held-to-maturity investments and receivables, the impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals are recognised in profit or loss, except for available-for-sale equities, that are recognised in other comprehensive income.

(l) Interest

Interest income and expense are recognised in profit or loss on the accrual basis using the effective interest method, except that, when collection of interest income is considered doubtful, the cash basis is used.

(m) Fees and dividends

Fee income is recognised when the related service is provided.

Dividend income is recognised when the right to receive income is established. Usually this is when the dividend is declared.

(n) Foreign currencies

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rates ruling at reporting date. Foreign exchange differences arising on translation are recognised in the profit or loss.

For the purpose of the statement of cash flows, foreign exchange gains and losses recognised in profit or loss are treated as cash items and included in cash from operating or financing activities along with movements in the principle balances giving rise to those gains and losses.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(o) Employee benefits

Employee benefits are all forms of consideration given by the group in exchange for services rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

The employees of the co-operative participate in a defined-benefit multi-employer pension plan operated by JCCUL.

Employee benefits asset included in the financial statements have been actuarially determined by a qualified independent actuary, appointed by JCCUL. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the co-operative's pension asset as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The co-operative's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government bonds with dates approximating the terms of the related liability. The calculation is performed using the projected unit credit method. When the calculation results in a potential asset for the co-operative, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefits asset, which comprise actuarial gains and losses and the effect of the asset ceiling (if any), are recognised in other comprehensive income. The group determines the net interest expense/(income) on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefits asset, taking into account any changes in the net defined benefits asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of the plan are changed, or when a plan is curtailed, the resulting change in benefit relating to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(p) League fees and stabilisation dues

JCCUL has determined the rate of calculating league fees at 0.2% (2014: 0.2%) of total assets. These fees are capped at 10% of the total fees due from the Co-operative Movement, calculated by JCCUL. Stabilisation dues are computed at a rate of 0.15% (2014: 0.15%) of savings funds.

4. Loans to members

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	5,144,998	4,600,561
Loans granted	<u>2,516,573</u>	<u>2,618,999</u>
	7,661,571	7,219,560
Less repayments and transfers	<u>(2,148,763)</u>	<u>(2,074,562)</u>
Balance at end of the year	<u>5,512,808</u>	<u>5,144,998</u>

(a) Delinquent loans:

<u>Period overdue</u>	<u>2015</u>			
	<u>Number in arrears</u>	<u>Loans in arrears \$'000</u>	<u>Provision (%)</u>	<u>PEARLS Loan loss provision required \$'000</u>
1 - 2 months	1754	185,841	0%	-
2 - 3 months	403	51,846	10%	5,185
3 - 6 months	988	101,911	30%	30,573
6 - 12 months	859	93,723	60%	56,234
Over 12 months	<u>186</u>	<u>94,089</u>	100%	<u>94,089</u>
	<u>4,190</u>	<u>527,410</u>		<u>186,081</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

4. Loans to members (cont'd)

(a) Delinquent loans (cont'd):

<u>Period overdue</u>	<u>2014</u>			
	<u>Number in arrears</u>	<u>Loans in arrears \$'000</u>	<u>Provision (%)</u>	<u>PEARLS Loan loss provision required \$'000</u>
1 – 2 months	1,262	202,951	0%	-
2 – 3 months	134	71,669	10%	7,167
3 – 6 months	285	56,934	30%	17,080
6 – 12 months	394	99,278	60%	59,567
Over 12 months	<u>184</u>	<u>49,133</u>	100%	<u>49,133</u>
	<u>2,259</u>	<u>479,965</u>		<u>132,947</u>

Delinquent loans and advances on which interest is no longer accrued amounted to \$341,569,000 (2014: \$323,682,000) as at year-end.

Loans in arrears include delinquent credit card advances of \$Nil (2014: \$7,439,584) in respect of which an allowance of \$Nil (2014: \$5,070,000) has been made.

(b) Loans and credit card advances, net of allowance for loan losses, are due from the reporting date as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Within 3 months	59,508	70,542
From 3 months to 1 year	299,424	247,199
From 1 year to 10 years and over	<u>5,003,740</u>	<u>4,738,548</u>
	<u>5,362,672</u>	<u>5,056,289</u>

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

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Home equity	1,009,503	1,004,263
Mortgages	908,048	910,934
Motor vehicles	1,352,917	1,176,521
Loan within shares	345,517	377,807
Loan within deposits	396,415	397,812
Unsecured	1,085,318	543,939
Others	<u>264,954</u>	<u>645,013</u>
	<u>5,362,672</u>	<u>5,056,289</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

4. Loans to members (cont'd)

(d) The credit quality of loans is summarised as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Neither past due nor impaired	4,959,904	4,620,765
Past due but not impaired:		
2 to 3 months	109,940	189,855
3 to 6 months	78,008	97,669
6 to 12 months	46,733	73,325
Over 12 months	59,826	43,156
Individually impaired	258,397	140,984
Less allowance for loan losses (note 5)	(150,136)	(109,465)
	<u>5,362,672</u>	<u>5,056,289</u>

An estimate of the fair value of the collateral held against loans is as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Neither past due or impaired	4,830,796	3,822,947
Past due but not impaired	642,796	1,081,620
Individually impaired	<u>112,843</u>	<u>39,854</u>
	<u>5,586,435</u>	<u>4,944,421</u>

(e) The value of renegotiated loans as at year end was \$nil (2014: \$4,643,800).

5. Allowance for loan losses

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

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	109,465	110,733
Loans charged off	(48,340)	(58,599)
Increase in provision for the year	<u>89,011</u>	<u>57,331</u>
Balance at end of the year	<u>150,136</u>	<u>109,465</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

5. Allowance for loan losses (cont'd)

The allowance for impairment determined under JCCUL regulatory requirement is as follows:

	<u>2015</u>	<u>2014</u>
IFRS provision as above	150,136	109,465
Loan loss reserve [note 22(b)]	<u>35,945</u>	<u>23,482</u>
	<u>186,081</u>	<u>132,947</u>

The allowance for impairment under the JCCUL regulatory requirement is in excess of the provision required under IFRS provisioning rules. The excess of the regulatory provision over the IFRS provision is recognized as a transfer between non-institutional capital and loan loss reserve.

6. Earning liquid assets

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Loans and receivables:				
Resale agreements	247,585	38,073	246,877	37,364
Other investments	53,786	56,950	53,786	56,950
Short-term deposits	674,297	653,054	674,297	653,054
Corporate bonds	<u>25,000</u>	<u>100,000</u>	<u>25,000</u>	<u>100,000</u>
	<u>1,000,668</u>	<u>848,077</u>	<u>999,960</u>	<u>847,368</u>

(i) The fair value of securities held as collateral for resale agreements amounted to \$248,224,000 (2014: \$38,242,000) for the group and \$247,473,000 (2014: \$37,523,000) for the co-operative.

(ii) Short-term deposits include deposits for the group and co-operative made by corporate entities which are held as security for their employees' borrowings [note 17(ii)].

7. Financial investments

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Loans and receivables:		
Government of Jamaica securities	728,135	828,052
Corporate bonds	<u>24,003</u>	<u>53,000</u>
	<u>752,138</u>	<u>881,052</u>
Available-for-sale:		
Quoted shares (carried at fair value)	3,380	2,049
Unquoted shares (carried at cost)	<u>31,774</u>	<u>21,203</u>
	<u>35,154</u>	<u>23,252</u>
	<u>787,292</u>	<u>904,304</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

8. Non-earning liquid assets

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents:				
Cash floats	64,067	54,870	64,067	54,870
Bank accounts	<u>28,040</u>	<u>64,846</u>	<u>23,397</u>	<u>62,022</u>
	<u>92,107</u>	<u>119,716</u>	<u>87,464</u>	<u>116,892</u>

9. Other assets

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest receivable - members' loans	156,896	157,673	156,896	157,673
- investments	21,725	27,434	21,663	27,413
Imputed interest – staff loans	22,418	23,805	22,418	23,805
Deferred expenditure [see (i) below]	5,941	4,717	5,941	4,717
Other receivables [see (ii) and (iii) below]	148,932	124,687	162,074	139,556
Withholding tax recoverable	9,830	12,277	9,740	12,187
Prepayments	19,974	16,162	18,921	15,297
Dishonoured cheques	-	112	-	112
Remittance receivable	<u>5,438</u>	<u>10,712</u>	<u>4,449</u>	<u>6,773</u>
	391,154	377,579	402,102	387,533
Less provision for losses [see (iv) below]	<u>(177,821)</u>	<u>(172,803)</u>	<u>(177,821)</u>	<u>(172,803)</u>
	<u>213,333</u>	<u>204,776</u>	<u>224,281</u>	<u>214,730</u>

- (i) Deferred expenditure includes deposits on capital assets [note 31(b)] totalling \$2,364,000 (2014: \$3,753,000) for the group and co-operative.
- (ii) Other receivables include \$58,782,000 (2014: \$58,782,000) receivable from a cambio trading partner for defaults on amounts due for which a full provision has been made. Efforts to recover the outstanding amounts are diligently being pursued.
- (iii) Other receivables also include advances to fund the establishment of a membership benefit programme which offers access to emergency air ambulance service. The advances were to be repaid over a twelve-month period commencing in July 2011 and were subject to interest at the rate currently offered by the co-operative on unsecured facilities. Full provision has been made for the interest accrued during the period. The co-operative and its partners in this programme are committed to make up any funding deficiencies that may be experienced by the programme. Arrangements have been made to recover the outstanding amounts, notwithstanding a partial provision was made in the 2014 financial year.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

9. Other assets (cont'd)

(iv) Other assets are shown net of provision for losses as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at the beginning of the year	172,803	115,754
Provision made during the year:		
Interest receivable	2,257	6,846
Other receivables	9,031	69,258
Amounts written off	(6,270)	(19,055)
Balance at end of the year	<u>177,821</u>	<u>172,803</u>

10. Employee benefits

The co-operative participates in a defined-benefit pension plan operated by the Jamaica Co-operative Credit Union League Limited (JCCUL). The plan is jointly funded by contributions from employees of 5% (5% optional), and by the co-operative of 8% of the employee's taxable remuneration, taking into account the recommendations of independent qualified actuaries.

(a) Employee benefits asset:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Present value of funded obligations	(280,862)	(225,376)
Fair value of plan assets	<u>392,876</u>	<u>346,310</u>
Asset recognised in statement of financial position	<u>112,014</u>	<u>120,934</u>

(b) Movement in the amount recognised in the statement of financial position:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	120,934	97,806
Contributions paid	12,838	11,866
Pension income recognised in profit or loss	4,345	2,033
Re-measurement (loss)/gain recognised in other comprehensive income	(26,103)	<u>9,229</u>
Balance at end of the year	<u>112,014</u>	<u>120,934</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

10. Employee benefits (cont'd)

(c) Movement in the present value of funded obligations are as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	(225,376)	(211,320)
Benefits paid	7,703	8,844
Service costs	(5,866)	(6,423)
Employees' contributions	(11,371)	(10,130)
Interest costs	(21,585)	(20,137)
Actuarial gain/(loss) arising from:		
- experience adjustments	5,983	1,689
- changes in demographic assumptions	-	12,101
- change in financial assumptions	(30,350)	-
Balance at end of the year	<u>(280,862)</u>	<u>(225,376)</u>

(d) Movements in plan assets:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Fair value of plan assets at beginning of the year	346,310	309,126
Employees' contributions	11,371	10,130
Employer's contributions	12,838	11,866
Interest income	33,683	29,992
Benefits paid	(7,703)	(8,844)
Administrative expenses	(1,887)	(1,399)
Actuarial loss on plan assets	(1,736)	(4,561)
Fair value of plan assets at end of the year	<u>392,876</u>	<u>346,310</u>

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Plan assets consist of the following:		
Equities	23,554	7,749
Fixed income securities	317,111	288,136
Real estate	49,571	42,791
Other	<u>2,640</u>	<u>7,634</u>
	<u>392,876</u>	<u>346,310</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

10. Employee benefits (cont'd)

(e) Income recognised in profit or loss:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Current service costs	5,866	6,423
Interest on obligation	21,585	20,137
Interest income on plan assets	(33,683)	(29,992)
Administrative expenses	<u>1,887</u>	<u>1,399</u>
	<u>(4,345)</u>	<u>(2,033)</u>

(f) Actuarial (loss)/gain recognised in other comprehensive income:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Re-measurement gain on obligation	(24,367)	13,790
Re-measurement loss on plan assets	<u>(1,736)</u>	<u>(4,561)</u>
	<u>(26,103)</u>	<u> 9,229</u>

(g) Principal actuarial assumptions (expressed as weighted averages):

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	%	%
Discount rate	8.50	9.50
Future salary increases	6.00	6.50
Price inflation	5.00	5.50
Pension increases	<u>2.50</u>	<u>2.75</u>

At December 31, 2015, the weighted average duration of the defined benefit obligation was 19.4 years (2014: 18.4 years).

(h) Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

10. Employee benefits (cont'd)

(h) Sensitivity analysis on projected benefit obligation (cont'd):

	Group and Co-operative			
	2015		2014	
	\$'000	\$'000	\$'000	\$'000
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(45,803)	61,403	(34,657)	47,405
Future salary increase	30,444	(25,265)	24,005	(19,520)
Future pension increases	<u>24,881</u>	<u>(21,076)</u>	<u>19,008</u>	<u>(15,973)</u>

(i) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefit obligation by approximately \$6,360,000, while a decrease of one year in life expectancy will result in an equal but opposite effect.

(j) The estimated pension contributions expected to be paid into the plan during the next financial year is \$12,510,000 (2014: \$11,870,000).

11. Property, plant and equipment

Group and Co-operative

	Land and buildings \$'000	Office machinery, equipment, furniture and fixtures \$'000	Data processing equipment \$'000	Total \$'000
Cost:				
December 31, 2013	219,215	199,847	89,008	508,070
Additions	3,932	12,446	10,466	26,844
Disposals	-	(199)	(2,178)	(2,377)
December 31, 2014	223,147	212,094	97,296	532,537
Additions	21,739	6,629	13,168	41,536
Disposals	(4,798)	-	-	(4,798)
December 31, 2015	<u>240,088</u>	<u>218,723</u>	<u>110,464</u>	<u>569,275</u>
Depreciation:				
December 31, 2013	65,825	130,375	80,827	277,027
Charge for the year	10,292	26,325	5,759	42,376
Disposals	-	(56)	(2,178)	(2,234)
December 31, 2014	76,117	156,644	84,408	317,169
Charge for the year	12,962	14,627	3,774	31,363
Eliminated on disposals	(4,798)	-	-	(4,798)
December 31, 2015	<u>84,281</u>	<u>171,271</u>	<u>88,182</u>	<u>343,734</u>
Net book values:				
December 31, 2015	<u>155,807</u>	<u>47,452</u>	<u>22,282</u>	<u>225,541</u>
December 31, 2014	<u>147,030</u>	<u>55,450</u>	<u>12,888</u>	<u>215,368</u>
December 31, 2013	<u>153,390</u>	<u>69,472</u>	<u>8,181</u>	<u>231,043</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

12. Intangible asset

Software

	<u>Group and Co-operative</u>		
	<u>Cost</u> \$'000	<u>Depreciation</u> \$'000	<u>Carrying value</u> \$'000
Balance at December 31, 2013	142,839	121,832	21,007
Additions/charge for the year	<u>16,500</u>	<u>12,126</u>	<u>4,374</u>
Balance at December 31, 2014	159,339	133,958	25,381
Additions/charge for the year	<u>13,828</u>	<u>8,926</u>	<u>4,902</u>
Balance at December 31, 2015	<u>173,167</u>	<u>142,884</u>	<u>30,283</u>

13. Subsidiary and associate

(a) Investment in subsidiary:

This represents the co-operative's 100% holding of the issued shares of the subsidiary, COK Remittance Services Limited, comprising three ordinary shares, costing \$1,000,000 (2014: \$1,000,000). The wholly-owned subsidiary became operational on January 1, 2009.

(b) Investment in associate:

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u> \$'000	<u>2014</u> \$'000	<u>2015</u> \$'000	<u>2014</u> \$'000
Shares in Money Masters Ltd (MML)	14,101	22,455	21,726	21,726
Reduction in interest of associate	-	(2,707)	-	-
Share of reserves	<u>(3,032)</u>	<u>(5,647)</u>	<u>-</u>	<u>-</u>
	<u>11,069</u>	<u>14,101</u>	<u>21,726</u>	<u>21,726</u>

Audited financial information of the associate up to May 31:

	<u>Group</u>	
	<u>2015</u> \$'000	<u>2014</u> \$'000
Non-current assets	3,714	9,257
Current assets	1,035,233	1,073,138
Non-current liabilities	(966,426)	(1,007,710)
Preference shares	<u>(28,000)</u>	<u>(13,000)</u>
Net assets attributable to equity holders	<u>44,521</u>	<u>61,685</u>
Group share of net assets 22.86% (2014: 22.86%)	<u>11,069</u>	<u>14,101</u>
Net loss from continuing operations	<u>(13,263)</u>	<u>(24,702)</u>
Group's share of loss from continuing operations	<u>(3,032)</u>	<u>(5,647)</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

14. Savings deposits

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	4,307,734	4,062,005
Add new deposits	<u>5,257,039</u>	<u>3,730,493</u>
	9,564,773	7,792,498
Less withdrawals and transfers	<u>(5,041,206)</u>	<u>(3,484,764)</u>
Balance at end of the year	<u>4,523,567</u>	<u>4,307,734</u>

15. Voluntary shares

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of year	2,190,876	2,185,326
Add amount subscribed	<u>2,600,952</u>	<u>2,465,131</u>
	4,791,828	4,650,457
Less withdrawals and transfers	<u>(2,502,955)</u>	<u>(2,459,581)</u>
Balance at end of year	<u>2,288,873</u>	<u>2,190,876</u>

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

- (i) Money paid into voluntary shares may be withdrawn in whole or in part on any day when the co-operative is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding three (3) months; provided however that no member may withdraw any shareholding below the amount of his liability to the co-operative as a borrower or co-maker.
- (ii) Voluntary shares shall be treated as liabilities of the co-operative.
- (iii) Subject to the profitability of the co-operative, the Board of Directors may recommend the declaration and payment of dividends on voluntary shares in amounts and at times as it may determine.
- (iv) The co-operative shall have a lien on all voluntary shares and deposits of a member for, and to the extent of, any sum due to the co-operative from the said member or any loan endorsed by the member.
- (v) Voluntary share accounts are required for members to qualify to utilize the products and services of the co-operative as determined by the Board of Directors from time to time.

16. Deferred shares

During 2011, these shares were issued to increase the co-operative's capital. They are not withdrawable before May 2016 and bear interest of 7.85% per annum in the first year and, thereafter, at 150 basis points above the prevailing six-months treasury bill yield. The deferred shares are included in the capital base of the co-operative [see 35(e)].

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
 December 31, 2015

17. External credits

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
National Insurance Fund/Small Mediums Enterprise (i)	1,500	3,676
Fixed deposits held for corporates (ii)	41,495	53,129
Development Bank of Jamaica (iii)	7,725	38,122
Credit Union Fund Management Company Limited (iv)	<u>-</u>	<u>50,000</u>
	<u>50,720</u>	<u>144,927</u>

- (i) These loans bear interest at 4% per annum, are repayable quarterly, and are secured by a promissory note. The loans were disbursed in two separate tranches, which mature in March 2015 and September 2016, respectively.
- (ii) This represents deposits made by corporate entities which are held as security for their members' borrowings [note 6(ii)]. The deposits bear interest at an average rate of 3.05% per annum and have no specific repayment terms.
- (iii) These loans bear interest of 10% per annum, are repayable quarterly, and are secured by promissory notes.
- (iv) This loan bore interest of 10.5% per annum and was repayable in three separate tranches which ended March 25, 2015. The loan was secured by hypothecation of Government of Jamaica securities.

As at year-end, the amounts are due, as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Amounts due within one year	49,991	143,427
Amounts due after one year	<u>729</u>	<u>1,500</u>
	<u>50,720</u>	<u>144,927</u>

18. Payables and accruals

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
(a) Payables:				
Other payables	55,131	36,260	49,943	32,035
Standing order payments	108,481	90,880	108,481	90,880
Advances and interest	<u>29,303</u>	<u>25,548</u>	<u>29,303</u>	<u>25,548</u>
	<u>192,915</u>	<u>152,688</u>	<u>187,727</u>	<u>148,463</u>
(b) Accruals:				
Interest payable	22,656	19,096	22,656	19,096
Withholding tax payable	2,935	2,694	2,935	2,694
Other accruals	<u>22,616</u>	<u>31,581</u>	<u>22,206</u>	<u>31,090</u>
	<u>48,207</u>	<u>53,371</u>	<u>47,797</u>	<u>52,880</u>
	<u>241,122</u>	<u>206,059</u>	<u>235,524</u>	<u>201,343</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

19. Other liabilities

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Social outreach	2	2
Unallocated receipts	38,806	25,068
Stale-dated cheques	<u>10,424</u>	<u>2,967</u>
	<u>49,232</u>	<u>28,037</u>

20. Permanent shares

The account category of 'permanent shares' was established on July 1, 2009 and each member is required to subscribe at least \$3,000 to a permanent share account. 'Permanent shares' represents cash invested as risk capital, which forms a permanent part of the capital of the co-operative. As at December 31, 2015, 106,253 (2014: 146,020) members had not yet met this requirement.

21. Non-institutional and institutional capital

(a) Non-institutional capital

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Permanent share capital reserve (i)	3,495	3,495	3,495	3,495
Prior undivided earnings (ii)	(180,000)	(180,000)	(180,000)	(180,000)
Minority interest –MML	(3,032)	(8,354)	-	-
Net deficit	<u>(558,305)</u>	<u>(505,765)</u>	<u>(538,485)</u>	<u>(494,357)</u>
	<u>(737,842)</u>	<u>(690,624)</u>	<u>(714,990)</u>	<u>(670,862)</u>

(i) Permanent share capital reserve

Permanent share capital reserve was created in 1999 – 2000 as an appropriation from the undistributed surplus, approved at an Annual General Meeting. Subsequently, \$115.3M of this reserve was utilised as part-payment of \$1,600 each towards permanent shares (note 20) in respect of 72,086 members on record as at December 31, 2001. The balance of permanent share capital reserve remaining is being held for transfer to "permanent shares" upon refund of members' permanent shares accounts, if, and when, they cease to be members, thereby, maintaining the permanent capital of the co-operative. A net amount of \$nil was transferred during the year ended December 31, 2015.

- (ii) The co-operative has for some time been experiencing challenges with the adequacy of its capital base. The position continued to deteriorate as a result of losses occasioned by extensive provisions for delinquent loans from members and other receivables. The non-institutional capital of the co-operative has been guaranteed up to a maximum of One Hundred and Eighty Million Dollars (J\$180,000,000) by the Jamaica Co-operative Credit Union League Limited, through the Jamaica Stabilization Savings Guarantee Fund. The letter of understanding and agreement, dated April 1, 2011, detailing the terms and conditions of the support, required the transfer of \$180,000,000 from the accumulated deficit account to the prior undivided earnings account.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

21. Non-institutional and institutional capital (cont'd)

(b) Institutional capital

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Statutory and legal reserves (i)	195,636	194,895
General reserves (ii)	<u>268,015</u>	<u>268,015</u>
	<u>463,651</u>	<u>462,910</u>

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

(i) Statutory and legal reserves:

The statutory and legal reserves are maintained in accordance with the provisions of the Co-operative Societies Act and the rules of the co-operative which require that a minimum of 20% of net surplus, and amounts collected for entrance fees must be transferred to a reserve fund,. Upon application by a Registered Society, the Registrar may allow the required percentage to be reduced, but not below 10%. The transfer is calculated on net surplus, net of change in the loan loss reserve.

(ii) General reserves:

General reserves represent appropriations from undistributed net income for the purpose of strengthening the capital base of the co-operative. The amount transferred is determined at the Annual General Meeting.

22. Other reserves

(a) Investment revaluation reserve:

This represents the unrealised gains and losses arising on changes in fair value of available-for-sale investments.

(b) Loan loss reserve:

This is a non-distributable loan loss reserve which represents the excess of PEARLS loan loss provision over IAS 39 requirements.

23. Pension reserve

The pension reserve represents the pension surplus arising on the actuarial valuation, under IAS 19, of the pension plan in which the co-operative participates. Annual changes in the value of the plan are shown in profit or loss and other comprehensive income, then transferred to this reserve (see note 5).

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

24. Other income

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Remittance service	8,203	9,815	7,584	9,190
Visa credit card operation	6,473	13,043	6,473	13,043
Foreign currency gains	2,901	4,368	2,333	5,610
Profit on cambio trading	8,650	8,408	8,650	8,408
Default interest	15,518	12,520	15,518	12,520
Documentation fees	8,980	11,651	8,980	11,651
Bad debt recoveries	29,158	33,175	29,158	33,175
Miscellaneous income	<u>25,634</u>	<u>10,534</u>	<u>25,582</u>	<u>10,624</u>
	<u>105,517</u>	<u>103,514</u>	<u>104,278</u>	<u>104,221</u>

25. Other financial costs

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Expenses – debit/credit card	5,003	5,929	5,003	5,929
Expenses – remittance service	41	98	41	98
Remittance sub-agent commission	65	47	-	-
Interest on overdraft	1	3	1	3
Bank charges	6,146	5,773	5,956	5,634
Financing charges	-	125	-	125
Cambio licence fees	1,123	1,066	1,123	1,066
Remittance licence fees	1,115	823	-	-
Financial Services Commission licensing fee	671	780	671	780
Collections expenses	621	576	621	576
Loan broker expenses	753	712	753	712
Legal and documentation expenses	<u>10,898</u>	<u>13,259</u>	<u>10,898</u>	<u>13,259</u>
	<u>26,437</u>	<u>29,191</u>	<u>25,067</u>	<u>28,182</u>

26. Operating expenses

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Personnel expenses:				
Salaries and wages	441,701	388,954	439,173	386,634
Employer's statutory contributions	40,606	35,570	40,606	35,570
Education and training	6,446	5,706	6,446	5,706
Unused vacation leave	4,077	2,040	4,077	2,040
Pension income [note 10(e)]	<u>(4,345)</u>	<u>(2,033)</u>	<u>(4,345)</u>	<u>(2,033)</u>
	<u>488,485</u>	<u>430,237</u>	<u>485,957</u>	<u>427,917</u>
Members' expenses:				
CUNA life savings and loan protection	<u>24,524</u>	<u>22,301</u>	<u>24,524</u>	<u>22,301</u>
Carried forward	<u>513,009</u>	<u>452,538</u>	<u>510,481</u>	<u>450,171</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

28. Related parties, balances and transactions

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

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

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

The co-operative has a related party relationship with its subsidiary, directors, associated company and other key management personnel and the pension plan.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

28. Related parties, balances and transactions (cont'd)

- (a) In addition to those shown thereon, the statement of financial position includes balances arising in the ordinary course of business with its subsidiary and associate as follows:

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Subsidiary: Other receivables	<u>-</u>	<u>-</u>	<u>13,414</u>	<u>14,557</u>
Associate: Resale agreements	<u>2,389</u>	<u>2,239</u>	<u>2,389</u>	<u>2,239</u>

Balances with key management personnel are shown at note 27.

- (b) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business:

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Subsidiary:				
Other income	-	-	-	(2,432)
Associate:				
Income earned from resale agreements	(166)	(197)	(166)	(197)
Management fees expense	<u>-</u>	<u>3,271</u>	<u>-</u>	<u>3,271</u>

- (c) Key management personnel compensation is as follows:

	<u>Group and Co-operative</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Directors' honorarium	-	-
Short-term employee benefits included in personnel expenses (note 26)	<u>25,273</u>	<u>20,880</u>
	<u>25,273</u>	<u>20,880</u>

29. Life savings and loan protection insurance

Life savings and loan protection insurances were in force during the year.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

30. Comparison of ledger balances

Group and co-operative

	<u>Savings deposits</u>	<u>Loans</u>	<u>Shares</u>
	\$'000	\$'000	\$'000
General ledger (unadjusted)	4,523,567	5,512,808	2,288,874
Personal ledger	4,523,567	5,512,808	2,288,874
Differences as at December 31, 2015	<u>-</u>	<u>-</u>	<u>-</u>
Differences as at December 31, 2014	<u>-</u>	<u>-</u>	<u>-</u>

31. Commitments

- (a) At December 31, 2015, there were loan commitments to members totalling \$9,951,000 (2014: \$25,424,000) for the group and the co-operative.
- (b) At December 31, 2015, total capital commitments for the group and the co-operative amounted to \$4,417,000 (2014: \$8,099,000), of which \$2,364,000 (2014: \$3,753,000) have been deposited [note 9(i)].

32. Contingencies

- (a) There is a member's claim against the co-operative for damages in negligence for the sale of land below the market value for the property. Declarations have been filed by the claimant that the sale of the property was fraudulent and that the sale was in breach of the mortgage agreement, and that the sale of the property be set aside and any relevant endorsements on the registered title in the names of the transferees cancelled. A defence was filed on behalf of the co-operative and served on the Claimants.
- (b) There is one other case involving claims against the co-operative for damages in excess of \$1,200,000 for loss suffered as a result of alleged false imprisonment, breach of fiduciary duties and negligence.

The co-operative's attorneys are of the view that it should succeed in defending the claims, therefore, no provision has been made in the financial statements.

33. Fidelity insurance

Fidelity insurance coverage was adequately maintained during the year.

34. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

34. Fair values (cont'd)

Fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

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

Accounting classifications and fair values

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

	Group and co-operative				
	Carrying amount \$'000	Fair value			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
2015:					
Available-for-sale financial assets	<u>3,380</u>	<u>3,380</u>	<u>-</u>	<u>-</u>	<u>3,380</u>
2014:					
Available-for-sale financial assets	<u>2,049</u>	<u>2,049</u>	<u>-</u>	<u>-</u>	<u>2,049</u>

Basis for determining fair values

Available-for-sale financial assets include corporate bonds, quoted and unquoted equities. Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange. Units held in unit trust are valued using prices published by brokers/dealers. Unquoted equities are carried at cost as it not practicable to determine fair value. The fair value of other financial instruments such as Government of Jamaica securities, corporate bonds, short-term deposits, resale agreements, other investments, other assets, savings deposits, voluntary shares, deferred shares, external credits, payables and accruals, and other liabilities are assumed to approximate carrying value due to their short-term nature. In such instances, no fair value computation and disclosures are done.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

35. Financial risk management

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

(a) Introduction and overview

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

- (i) credit risk
- (ii) liquidity risk
- (iii) market risk

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

The Supervisory Committee is responsible for monitoring compliance with the group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group. Assistance is received in these functions by the Internal Audit department which undertakes periodic reviews of risk management controls and procedures.

(b) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the group's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of off-balance sheet financial instruments, such as loan commitments and guarantees, which expose the group to similar risks as loans and are managed in the same manner.

(i) Loans to members and guarantees

The management of credit risk in respect of loans to members is executed by the management of the co-operative. A committee is elected annually at the Annual General Meeting and is given the responsibility for the oversight of the group's credit risk and the development of credit policies. There is a documented credit policy in place, which guides the group's credit process.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

35. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) Loans to members and guarantees (cont'd)

Collateral

The co-operative holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares and other savings held in the co-operative and guarantees. Estimates of fair value are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired. In certain instances, without foreclosing, the co-operative acts upon its lien over motor vehicles and mortgage interest over properties. As at December 31, 2015, the co-operative held motor vehicles with an estimated value of \$16,040,000 (2014: \$25,600,000), and real properties with an estimated value of \$480,000,000 (2014: \$359,300,000). These assets will be disposed of by auction and/or private treaty.

Impaired loans

Impaired loans are loans for which management determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but management believes that impairment is not appropriate based on the quality and value of security available or the stage of collection of amounts owed to the group.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the co-operative has made concessions that it would not otherwise consider. Once the loan is restructured, it is classified and monitored.

Allowances for impairment

The group establishes an allowance for loss that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a portfolio basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

35. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) Loans to members and guarantees (cont'd)

Write-off policy

The group writes off a loan (and any related allowances for impairment losses) when it determines that the loans are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure or provided the loan is more than twelve (12) months in arrears. Loans for write-off must be submitted to the Board of Directors for approval and ratified by the co-operative's membership at its Annual General Meeting.

(ii) Deposits and investment securities

The group limits its exposure to credit risk by investing only in liquid assets with counterparties that have high credit ratings and Government of Jamaica securities. Therefore, management does not expect any counterparty to fail to meet its obligations.

The group has documented investment and deposit policies in place, which guide in managing credit risk on deposits and investments. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

(iii) Exposure to credit risk

The group's exposure to credit risk is geographically concentrated in Jamaica. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year.

The carrying amount of financial assets recorded in the financial statements, (net of impairment losses) represents the group and co-operative's maximum exposure to credit risk, without taking account of the value of any collateral held and excluding loan commitments to members.

There has been no change to the group's exposure to credit risk or the manner in which it measures and manages the risk.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

35. Financial risk management (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial liabilities as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The group manages this risk by keeping a substantial portion of its financial assets in liquid form in accordance with regulatory guidelines, monitoring future cash flows and liquidity on a daily basis and maintaining an adequate amount of committed credit facilities.

The co-operative is subject to a liquidity limit of 20% imposed by JCCUL and compliance is monitored monthly. The key measure used by the co-operative for managing liquidity risk is the ratio of liquid assets, minus short-term liabilities, to total savings. The liquid asset ratio at the end of the year was 10.81% (2014: 11.71%).

The co-operative is also required to hold a liquidity reserve of 10% of specified liabilities. A minimum of 8% is to be held with JCCUL while a maximum of 2% can be held with approved financial institutions. The liquidity reserve ratio at the end of the year was 10.11% (2014: 10.83%).

The following table presents the undiscounted contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	Group				
	2015				
	<u>1 to 3</u> <u>months</u> <u>\$'000</u>	<u>3 to 12</u> <u>months</u> <u>\$'000</u>	<u>Over 12</u> <u>Outflow</u> <u>\$'000</u>	<u>Total Cash</u> <u>Outflow</u> <u>\$'000</u>	<u>Carrying</u> <u>Amount</u> <u>\$'000</u>
Savings deposits	3,456,188	707,710	375,343	4,539,239	4,523,567
Voluntary shares	2,288,873	-	-	2,288,873	2,288,873
Deferred shares	5,103	303,440	-	308,543	300,000
External credits	27,375	1,015	22,915	51,305	50,720
Non-interest bearing liabilities	<u>290,354</u>	<u>-</u>	<u>-</u>	<u>290,354</u>	<u>290,354</u>
	<u>6,067,893</u>	<u>1,012,165</u>	<u>398,258</u>	<u>7,478,314</u>	<u>7,453,514</u>
	2014				
	<u>1 to 3</u> <u>months</u> <u>\$000</u>	<u>3 to 12</u> <u>months</u> <u>\$000</u>	<u>Over 12</u> <u>months</u> <u>\$000</u>	<u>Total cash</u> <u>outflow</u> <u>\$000</u>	<u>Carrying</u> <u>Amount</u> <u>\$000</u>
Savings deposits	3,334,684	661,284	327,077	4,323,045	4,307,734
Voluntary shares	2,190,876	-	-	2,190,876	2,190,876
Deferred shares	6,443	19,328	300,000	325,771	300,000
External credits	100,527	37,697	9,342	147,566	144,927
Non-interest bearing liabilities	<u>234,096</u>	<u>-</u>	<u>-</u>	<u>234,096</u>	<u>234,096</u>
	<u>5,866,626</u>	<u>718,309</u>	<u>636,419</u>	<u>7,221,354</u>	<u>7,177,633</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

35. Financial risk management (cont'd)

	Co-operative				
	2015				
	1 to 3 <u>months</u> \$000	3 to 12 <u>months</u> \$000	Over 12 <u>months</u> \$000	Total cash <u>outflow</u> \$000	Carrying <u>Amount</u> \$000
Savings deposits	3,456,186	707,710	375,343	4,539,239	4,523,567
Voluntary shares	2,288,873	-	-	2,288,873	2,288,873
Deferred shares	5,103	303,440	-	308,543	300,000
External credits	27,375	1,015	22,915	51,305	50,720
Non-interest bearing liabilities	<u>284,756</u>	<u>-</u>	<u>-</u>	<u>284,756</u>	<u>284,756</u>
	<u>6,062,293</u>	<u>1,012,165</u>	<u>398,258</u>	<u>7,472,716</u>	<u>7,447,916</u>

	Co-operative				
	2014				
	1 to 3 <u>months</u> \$000	3 to 12 <u>months</u> \$000	Over 12 <u>months</u> \$000	Total cash <u>outflow</u> \$000	Carrying <u>Amount</u> \$000
Savings deposits	3,334,684	661,284	327,677	4,323,645	4,307,734
Voluntary shares	2,190,876	-	-	2,190,876	2,190,876
Deferred shares	6,443	19,328	300,000	325,771	300,000
External credits	100,527	37,697	9,342	147,566	144,927
Non-interest bearing liabilities	<u>229,380</u>	<u>-</u>	<u>-</u>	<u>229,380</u>	<u>229,380</u>
	<u>5,861,910</u>	<u>718,309</u>	<u>637,019</u>	<u>7,217,238</u>	<u>7,172,917</u>

The co-operative has a documented assets and liabilities policy in place that guides the management of its liquidity risks.

There has been no change to the group's exposure to liquidity risk or the manner in which it manages and measures the risk.

(d) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

There has been no change to the group's exposure to market risks or the manner in which it measures and manages the risk.

(i) **Currency risk**

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. The group is primarily exposed to the United States dollar (US\$) and the Pound Sterling (£).

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

36. Financial risk management (cont'd)

(d) Market risk (cont'd)

(i) Currency risk (cont'd)

The group and co-operative's exposure to foreign currency risk at the reporting date was as follows:

	Group		Co-operative	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Bank accounts	259	248	226	237
Cash float	15	2	15	2
Accounts payables	-	(37)	-	-
	<u>274</u>	<u>213</u>	<u>241</u>	<u>239</u>

	Group		Co-operative	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£'000	£'000	£'000	£'000
Bank account	9	13	9	12
Cash floats	<u>5</u>	<u>3</u>	<u>5</u>	<u>3</u>
	<u>14</u>	<u>16</u>	<u>14</u>	<u>15</u>

The exchange rates for the Jamaica dollar, in terms of the US\$ and Pound Sterling, as at December 31, 2015, were J\$120.415= US\$1.00 (2014: J\$114.12 = US\$1.00) and J\$177.1179 = £1.00 (2014: J\$175.97= £1.00).

A 10% (2014: 10%) weakening of the Jamaica dollar against the US\$ and £ at the reporting date would have reduced loss for the year by \$3,547,000 (2014: \$2,695,000) for the group and \$3,150,000 (2014: \$2,990,000).

A 5% (2014: 1%) strengthening of the Jamaica dollar against the US\$ and £ at the reporting date would have reduced loss for the year by \$1,773,500 (2014: \$354,000) for the group and \$1,575,000 (2014: \$299,000).

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
 December 31, 2015

35. Financial risk management (cont'd)

(d) Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments, within a specified period. Interest rate risk is managed by holding primarily fixed rate financial instruments which form the majority of the group's financial assets.

The group has a documented assets and liabilities policy in place that guides the management of its interest rate risk.

The interest rate profile of the group's and co-operative's interest-bearing financial instruments is as follows:

	<u>Group</u>		<u>Co-operative</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Fixed-rate instruments				
Financial assets	7,115,428	6,253,067	7,114,686	6,252,358
Financial liabilities	<u>(6,778,002)</u>	<u>(6,643,537)</u>	<u>(6,778,002)</u>	<u>(6,643,537)</u>
	<u>337,426</u>	<u>(390,470)</u>	<u>336,684</u>	<u>(391,179)</u>
			<u>Group and Co-operative</u>	
			<u>2015</u>	<u>2014</u>
			\$'000	\$'000
Variable-rate instruments				
Financial assets			537,352	532,352
Financial liabilities			<u>(300,000)</u>	<u>(300,000)</u>
			<u>237,352</u>	<u>232,352</u>

Fair value sensitivity analysis for fixed rate instruments

The group and the co-operative do not account for any fixed rate financial assets and liabilities at fair value through profit or loss or available-for-sale. Therefore a change in interest rates at the reporting date would not affect the carrying value of the group's financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change in interest rates at the reporting date would have increased/(decreased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Group and Co-operative</u>	
	(Increased)/decreased loss by	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
2.5% (2014: 2.5%) increase in rates	5,934	5,808
1% (2014:1%) decrease in rates	<u>(2,373)</u>	<u>(2,323)</u>

COK Sodality Co-operative Credit Union Limited
(A Society Registered Under the Co-operative Societies Act)

Notes to the financial statements (continued)
December 31, 2015

35. Financial risk management (cont'd)

(d) Market risk (cont'd)

(iii) Equity price risk:

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk.

Equity price risk arises from available-for-sale equity securities held by the co-operative as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the co-operative's investment strategy is to maximise investment returns.

The group's holding of equity instruments is insignificant where a 10% charge in equity prices would have a negligible impact on the loss for the year.

(e) Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. The group and co-operative define their capital base as permanent capital and institutional capital and deferred shares. Dividend payout is made taking into account the maintenance of an adequate capital base.

The co-operative is required by JCCUL to maintain its institutional capital at a minimum of 8% of its total assets, excluding specific reserves. At the reporting date, this ratio was 7.00% (2014: 6.66%). If the guarantee of \$180M by JCCUL is taken into consideration, the ratio would be 9.29% (2014: 8.84%), which is above the required 8%.

There were no changes in the group's approach to capital management during the year.



Vision

To be the leader in all markets we serve; by being a member-focused, financially-sound, profitable and technology-driven organization 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



BUILT AROUND YOU

Products created with your success in mind

