



COK SODALITY CO-OPERATIVE CREDIT UNION LTD.

Invest in your future today!



« CREATED, OWNED &
POWERED BY YOU



ANNUAL REPORT
2016

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.

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NOTICE & AGENDA

NOTICE

Notice is hereby given that the 50th Annual General Meeting of COK Sodality Co-operative Credit Union Limited will be held on Wednesday, May 10, 2017 at the Jamaica Conference Centre, starting at 1:00 p.m.

Registration commences at 12:00 noon.

Take further notice that at this meeting, COK Sodality intends to have resolutions passed to address and amend COK Sodality's Rule #65 and Article #11, Rules 6 and 11 (b).



Marjorie Shaw

Secretary

April 2017

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 49th 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. Delegates to the Jamaica Co-operative Credit Union League's (JCCUL) Convention & AGM
 - f. Delegates to the Jamaica Fishermen Co-operative Union Limited's AGM
 - g. Education Committee
8. **Fixing of Maximum Liability**
9. **Appointment of Returning Officer**
 - a. Nominating Committee
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. **Resolutions**
12. **Any Other Business**
13. **Termination**

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.

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.

CORE VALUES



Trust

Continuous Improvement

Co-operative Philosophy



Ambassador Aloun Ndombet-Assamba - CEO

CORPORATE PROFILE

THE CITY'S CREDIT UNION

COK Sodality Co-operative Credit Union's overarching mission is to meet and satisfy the financial needs of our members "by providing them with saving opportunities, affordable credit and other financial products... (while) delivering superior service." It is through this member-focused approach that COK has presented our members with real prospects for improving their lives and achieving their personal and business goals.

Mr. Albert Morris, one of COK's founders, first proposed the concept of a Credit Union to serve residents of the Corporate Area who were not at that time able to become members because they were not employed to one of the firms which had a Credit Union attached. In 1967, another founding member, Mr. Paul Chevannes, who was a CUNA Mutual sales representative to Jamaica and Belize, recalled Mr. Morris' proposal and approached the Jamaica Co-operative Credit Union League and the Registrar of Co-operatives with a view of having the Credit Union registered. This was accomplished on October 26, 1967, and gave birth to City of Kingston Co-operative Credit Union, where self-employed persons and others who were not employed to firms with Credit Unions were able to become members, as long as they lived and worked in Kingston and St. Andrew.

Since our first Annual General Meeting (AGM) in November 1967, which was attended by 13 members, including Messrs - Albert Morris, Paul Chevannes, Father Gerard McLaughlin, S.J., Ken La Cruise and Ms. Vinette Foster, among others, and our subsequent merger in 2009 with Sodality Co-operative Credit Union, COK Sodality Co-operative Credit Union has grown to become the largest credit union, in terms of membership, in Jamaica and the English-speaking Caribbean. The Credit Union had over 270,000 active members as at December 2016. We also serve Jamaicans overseas in North America, the UK and

Grand Cayman through our branches and multi-service call centre, which manage both telephone and online inquiries.

Our strategic vision to be the leader in all markets we serve includes being innovative. Among COK's innovations as a Credit Union are: **credit card, fixed deposits, remittances, individual retirement account, early savers programme, mortgages, deferred shares**, growing the loan portfolio, expanding our membership base; adding to our products and services, and most importantly sharpening our service delivery through continuous training and technology.

One of our on-going strategic objectives is to encourage more Jamaicans to save on a regular basis and to plan for their retirement, through Regular Savings and Saving for Retirement. This is crystallised in COK's tagline: **"Invest in your future today!"** which emphasises to our membership the urgency of making critical financial decisions now, in order to be assured of a safe and viable future.

In addition, we have carefully designed a range of savings and loans products to meet the variety of needs reflected in the profile of our members - hence our **Built Around You** campaign. In this regard, products include - fixed deposits, the partner plan, Golden Harvest, Wealth Maximizer, Pension Plan

CORPORATE PROFILE (CONT'D)

and Family Indemnity Plan; loan products which include Business, Home Equity, Personal, Mortgage, Education and Auto loans; as well as Cambio and Remittance - all with our members' success in mind!

COK believes that Jamaica's Micro, Small and Medium Businesses are extremely important and have the potential to make a positive contribution to our country's economy. It is against this background that COK Sodality has strengthened its operation in Micro Financing, with officers located at its five branch offices - Kingston, St. Andrew, St. Catherine, Manchester, St. James as well as its satellite offices in Spanish Town and Ocho Rios.

As COK marks its 50th Anniversary in 2017 under the theme "**COK - Created, Owned and Powered by You**", we are proud that over the years, we have consistently placed our members at the centre of all our strategies for growth and sustainability. As we enter our 50th year, we pledge that our team will continue to deliver COK's products and services

with the highest level of professionalism and sensitivity.

This dynamic team is currently led by Chief Executive Officer, Ambassador Aloun Ndombet -Assamba, who reports to the Board of Directors headed by President, Mr. Steadman Pitterson.

The real power however, resides in the hands of the members, who at the Annual General Meeting elect members of the Board and the Supervisory and Credit Committees. Our members influence decisions on the direction and activities of the Credit Union.

On the occasion of this, our 50th Annual General Meeting we thank you, the members/owners of this Credit Union, for your loyalty and support and look forward to continuing the relationship as we live the theme: "**COK Sodality Co-operative Credit Union Ltd., Created, Owned and Powered by You.**"



MINUTES OF THE 49TH ANNUAL GENERAL MEETING

MINUTES OF THE FORTY-NINTH ANNUAL GENERAL MEETING OF COK SODALITY CO-OPERATIVE CREDIT UNION LIMITED HELD ON WEDNESDAY, JUNE 1, 2016 AT THE JAMAICA CONFERENCE CENTRE COMMENCING AT 1:31 PM

ASCERTAINMENT OF QUORUM AND CALL TO ORDER

Having ascertained from the Chief Executive Officer, Mrs. Jacqueline Mighty, that 180 persons registered and were 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-ninth AGM to order at 1:31 p.m.

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 May 18, 2016 in the newspaper and posted in all COK Sodality Branches.

OPENING PRAYER AND OBITUARIES

Prayer was offered by Mr. Anthony Morris, 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 62 to 63 of the 2015 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 stated that the Credit Union's chosen theme for 2015 was "Passion: Time for Growth", which was delivered to the COK Team at the staff Blast-off Function in January 2015, where they were fully charged and committed to deliver on the targets, and with renewed enthusiasm to engage the engines of the organisation for growth despite the environmental challenges.

The Theme meant producing and achieving the desired effect which would constantly and consciously strive to optimize balance, effectiveness and efficiency of the Staff, Board and Volunteer, to deliver the required services more seamlessly to our members on a daily basis. It also meant making bold paradigm shifts in order to create a bias towards a well monitored team approach that would constantly reverberate renewed energy throughout the organisation as it relates to team activities. This was being done in order to enhance greater productivity and growth; placing emphasis on embracing self-propelled initiatives, acceptance of talents, flexibility and multi-tasking, maximizing our versatility with ease; and being conscious of people's emotional intelligence, thus making deliberate efforts to reduce tension within and across all areas of the Credit Union.

Ms. Anglin said that with this paradigm shift, each Team member has to remember at all times that collectively, we are all here to serve our membership. The Chairman said COK's mission was about providing value, empowerment and enhancing lives. She emphasized that we must bring out that "exceptional you" every time we meet our members. How we balance the numbers with the bundle of value people derived is what quality service is all about. The Chairman said it will also mean identifying and leveraging our strengths so that the entire organisation is oriented towards helping individuals develop, achieve and surpass targets.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

This “Passion, Time for Growth” theme on which we focused in 2015, was all about seeking, creating and utilising opportunities, greater synergies and benefiting from it every time, anywhere, and anyhow to achieve the desired excellence, Ms. Anglin said. She asserted that COK’s ‘Built Around You’ campaign in 2015 reinforced to our members that everything that we do and say is about our external and internal members.

She noted that COK continued with no fees for using a COK ATM, initial issue of ATM access cards, and for summary statements, balance enquiry via our Call Centre and in-branch. Building out around its members the widest selection of loans, savings products and services, including Cambio, Remittance Company, Retirement Scheme, Micro Unit and engaging brokers and strategic partners.

In addition, she said we continue driving the value that our membership should be in touch with us all the time, and this became possible with 24-hour contact through our website, COK Chat, Mobile App, Instagram and by way of our members meetings, the Call Centre and our liaison officers. You can literally reach our COK staff at anytime, anywhere. We are “Built Around You”, which is why we are able to “Collaborate and Grow” - our theme for 2016.

Ms. Anglin noted that the AGM is where the affairs of the organisation are determined by the general membership. She said it is really the owners’ meeting for receiving account of the stewardship from those providing oversight of the day-to-day operations of our Credit Union, and it is an important medium for sharing information, giving opinions, asking questions and providing suggestions. At this forum, we the owners/members are encouraged to contribute to our Credit Union’s ultimate development and growth by actively participating. The AGM is about engaging one another as we strive to make our Credit Union work

for us and fulfill our dreams and aspirations.

Ms. Anglin introduced to the meeting as follows:

Members on the platform

- Mr. Steadman Pitterson **Treasurer**
- Mr. Christopher Robinson **Secretary**
- Dr. Karen Asher Osbourne **Ass. Secretary**
- Ms. Marjorie Shaw **Director**
- Mr. Trevor Blake **Director**
- Mrs. Vinnate Hall **Director**
- Mrs. Debbie-Ann Gordon Crawford **Director**
- Mr. Orville Christie **Director**
- Mrs. Jacqueline Mighty **Chief Executive Officer (CEO)**

Supervisory Committee Members

Ms. Herma Walker - Chairman, Mrs. Jacqueline Daley, Mr. Arnold Breakenridge, Ms. Phillippa Edwards, Mr. Alston Reid and Mrs. Carol Williams.

Credit Committee Members

Mr. Rohan Townsend - Chairman, Mr. Irwin Gregory, Mr. Errol Beckford, Mrs. Jacqueline Lloyd Carter, Mr. Patrick Galbraith. Mr. Ralston Hyman and Mrs. Sharon Usim.

COK Managers

Ms. Linda Miller - Chief Risk & Compliance Officer, Mr. Andrew Brown - Chief Financial Officer, Mr. Andre Gooden - Acting Chief Business Development Officer.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

WELCOME TO SPECIALLY INVITED GUESTS

Mrs. Jacqueline Mighty extended welcome to the following specially invited guests:

Mr. Glenworth Francis	Jamaica Co-operative Credit Union League (JCCUL)
Ms. Vera Lindo	JCCUL
Honourable Donna Parchment Brown	Political Ombudsman
Ms. Phillipa Beckford	CMFG Life Insurance
Mrs. Donnette Hines	OGM
Mr. Oral McCook	OGM
Mr. Wilbert Spence	KPMG
Mrs. Sonia Smith	Department of Co-operatives & Friendly Societies (DCFS)
Ms. Cheryl Brown	DCFS
Ms. Beverley Cole	Stenographer

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

Mr. Michael Martin	Former Director
Mr. Deryke Smith	Former Director
Mr. Basil Lue	COK Education Committee
Mr. Courtney Wynter	Chairman, COK Retirement Scheme
Mr. Garth O'Sullivan	Trustee, COK Retirement Scheme
Mr. Neville Rhone	Trustee, COK Retirement Scheme
Mr. Enoch Allen	Nominee COK Sodality Supervisory Committee
Corporal William Graham	Nominee, COK Sodality Supervisory Committee

Mr. Michael Burke	COK Delegate, Jamaica Fishermen Co-op Union
Mrs. Margaret Morris	Member, COK Sodality
Ms. Kerry-Ann Messam	Conec Mobile Wallet

APOLOGIES FOR ABSENCE

Apologies for absence were received from the following:

Reverend Michael Lewis	Director, COK Sodality
Ambassador Aloun Ndombet-Assamba	Former Director & General Manager, COK Sodality
Ms. Jennifer Forbes	Member, COK Sodality
Mr. Errol Gallimore	Registrar, DCFS
Mr. Albert Morris	Honorary Director, COK Sodality
Ms. Lisa Campbell	Former Credit Committee Member, COK Sodality
Mrs. Brenda Cuthbert	Former General Manager, COK Sodality

Apologies for lateness were received from the following:

Ms. Lavern Eccleston	DCFS
Most Reverend Burchell A. McPherson, D.D.	Member, COK Sodality

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

CORRECTIONS AND AMENDMENTS

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 and the 2015 Annual Report booklet:

- Page 3** Corporate Profile, 2nd column, Product Offerings - 9th line - replace the word 'Cambio' with 'COK'.
- Page 3** Corporate Profile, add 'Paul Chevannes'.
- Page 5** Minutes of the 48th Annual General Meeting, 1st column, Apologies for Absence, remove the last paragraph.
- Page 13** First column, under Credit Committee, insert subhead "For one year" - 'Ms. Sharon Usim and Mr. Patrick Galbraith for 1 year'.
- Page 24** Board of Directors' Report, 2nd column, Staff, 2nd paragraph, 5th line - replace the word 'sixteen' with 'fourteen'.
- Page 25** Board of Directors' Report, 2nd column, Wholly Owned Subsidiary and Associate, COK Remittance Services Ltd. (COKRS), 1st line - replace the word 'fully' with 'wholly'.
- Page 50** Credit Committee Report, 2nd column, Acknowledgements, 1st and 2nd lines should read 'The Credit Committee would like to acknowledge the management and staff for their assistance.....'.
- Page 55** Under Credit Committee - add "Ms. Sharon Usim, Attorney-at-Law from the firm Williams & Company and Mr. Patrick Galbraith, Director of Taxation in the firm DGS Chartered Accounting and Business Advice Limited, retiring and recommended to serve for two years".
- Page 56** Nominating Committee Report, 1st column, Jamaica Co-operative Credit Union League, 4th row, 2nd column - replace the word 'Stedman' with 'Steadman'.
- Page 58** Delegates' Report, 1st column - insert the heading 'Election of Officers' below the table under 'Movement's Financial Performance 2014 Versus 2013'.
- Page 59** Delegates' Report, 1st column, 3rd paragraph, 1st bullet - replace 'Gaston' with 'Glaston'.
- Page 60** Report of the Education Committee, 1st column, 1st paragraph - insert as the first line the sentence 'The Education Committee is a sub-committee of the Board and has responsibilities for, and among other things:' 1st column, 4th paragraph, 2nd line - replace, '\$600,000' with '\$823,000'.

ADOPTION AND CONFIRMATION OF MAY 6, 2015 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 motion was unanimously carried.

MATTERS ARISING FROM THE MINUTES

The Motion for the adoption and confirmation of the Minutes was moved by Ms. Pauline Bailey and seconded by Mrs. Jacqueline Daley. 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.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

REPORTS

Board of Directors

The motion for the Board of Directors' Report to be taken as read was moved by Mrs. Emma Thomas and seconded by Mr. Rohan Townsend. The motion was unanimously carried.

OVERVIEW

The President, in presenting the Report for the year 2015, stated that 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 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 volatility, uncertainty and risk in the global and domestic environment in the first three years, 2011 to 2013, followed by positive out-turn for the global and local economies which were substantially realised.

During the final year of the five-year plan, the Jamaican economy recorded growth of 1.3%, lower levels of inflation, reduction in interest rate, growth in Gross Domestic Product 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' failure to repay their loans impacted the Credit Union negatively. This demanded much more of our Board and

Management as we sought to strategically make the necessary adjustments whilst 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 for the calendar year contributed significantly to the year's loss of \$17.6M.

MoneyMasters Limited, COK's associate company in which it owns 20%, contributed \$3.3M to the loss of 2015. COK's Remittance Company a wholly owned subsidiary, while improved year-over-year, made a loss of \$56,000.00 for the calendar year.

IMPROVED SERVICE TO MEMBERS

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

- Lower interest rates for new and used motor vehicles.
- The launch of a Reactivate and Save initiative.
- A 48-hour loan sale - the first in the financial industry.
- Establish a Member Experience Unit to focus on addressing member service issues.
- Centralising Credit into a Unit designed to improve the quality and timeliness of loan processing.
- Merging the Sales and Marketing Departments.
- Launching the "Built Around You" Programme to link specific products and

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

services to members' needs.

- Expanding the Micro Finance Unit operations to meet the needs of our members: which includes stationing micro officers in all branches and opening a satellite office in Ocho Rios to facilitate the Micro Finance business in that area.
- Relocating the Montego Bay Branch office to a more spacious and aesthetically appealing location with an ATM located at the branch.
- Staging of the Credit Union's Inaugural Health, Wealth & Wellness Fair.

ACHIEVING GROWTH

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

- Total Assets by \$326M to close at \$7.88B.
- Savings by \$313M to close at \$6.8B.
- Net Loan Portfolio by \$190M to close at \$5.36B.
- Permanent Shares rose by approximately \$91.6M to close at \$500.6M.
- Loan portfolio to \$5.5B as a result of the promotions of four main loan types - motor vehicle, debt consolidation, FAST loans and the 48-hour combo loan sale.

SALES AND MARKETING FOCUS

The impact of the tight economic and fiscal space in which Jamaica had to operate 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, namely:

- Special rates on Fixed Deposits and Loan Products.

- COK in the Streets and Community Invasions.
- Public launch of the Credit Union's Micro Business.
- Three Church Services held across Jamaica - Eastern, Central and Western.
- Hosting four Members' Meetings and one Members' Bingo event.
- Five community Labour Day projects aligned to COK Branches across Jamaica.

MICRO FINANCE UNIT

In August 2015, we expanded our Micro Finance Unit to allow more members and potential members to access the services provided at 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.

SERVICE DELIVERY

Our Board, having committed to improving communication and service delivery to our members, established in January, a Member Experience & Service Excellence Unit. This Unit was charged solely with the responsibility of ensuring that members' satisfaction is increased significantly and was kept busy during the year as it worked with the members on their individual concerns.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

In February, a Centralized Credit Unit was created with the primary objective of improving the turnaround time for loan assessment, approval and disbursement. The merging of the Sales and Marketing Departments to deliver to COK internal and external members, resulted in improved communication during the year under review. This new department used multiple channels to keep our members informed.

CORPORATE SOCIAL RESPONSIBILITY

COK Sodality takes Corporate and Social Responsibility seriously as our mission is to improve the well-being of our members in the wider community. During 2015, our Credit Union assisted our members and others from the wider community in the areas of Agriculture, Education and Sports. Our activities during the year included Labour Day and community projects, sponsorships and donations to basic, primary and high schools; 4-H Clubs as well as local and under 19-Cricket and Domino Tournaments.

Twenty-eight scholarships and two grants at an approximate value of \$823,000 were awarded to members and children of our members attending local educational institutions ranging from basic to tertiary levels. Our Education Committee, a sub-committee of the Board, is responsible for this area and details have been provided in the Annual Report to the membership on pages 60 to 61.

CAPITAL BASE

The special drive to strengthen the Credit Union's capital base will continue as an ongoing exercise to increase compliance with Permanent Share by the end of 2016. It is expected that our members will add to their Permanent Shares, and our non-compliant members will make contact with their Credit Union with a view to becoming compliant.

DEBT MANAGEMENT

The Board, through its Debt Management Committee (DMC), provided oversight and

monitoring of this very crucial area in our Credit Union operations.

At the end of 2015, the level of delinquency was 9.53% against an end of year target of 6%. The delinquent portfolio increased year-over-year from approximately \$480M to \$527.4M.

CHARGED-OFF LOANS

Income from sale of collaterals held against charged-off or delinquent loans in 2015 amounted to \$29.2M as against \$33.2M in 2014. The debts for accounts that were in arrears for a period in excess of 365 days and for which the accounts reflected 100% provision were recommended to the Board by the Management for charge-off. In keeping with Rules 38 (1), Sub section (l), which states that all such charged-off loans must be reported to the next Annual General Meeting and Board of Directors, we hereby present these loans, totaling \$106.5M as at December 31, 2015 which were approved by the Board of Directors as charged-off loans. These loans will continue to be managed for collection, but will not be included as part of the current loan portfolio. During the year, \$29.2M was collected from loans which were charged-off in the previous years.

SPECIAL INITIATIVES

There has been an increase in our accumulated losses as a result of the operation treating with various internal and external shocks that caused inconsistent performance over the last five years, despite the positive measures taken by our Credit Union. Your Board remains gravely concerned with this situation and pursued a number of initiatives to arrest it. However, a paradigm shift is required to positively impact our Credit Union's results on a sustainable basis.

Consequently, your Board has taken decisive and aggressive steps to change the Credit Union's business model and to improve performance and capital structure. Some of these changes include:

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

increasing our Deferred Shares through the issuance of a new share offer, leveraging of real estate holding in a sale and leaseback transaction, thereby converting a non-earning asset to an earning one; engaging the membership with feasible approaches to resolve delinquency and where necessary, pursue fast and consistent collateral recovery, change in the loan portfolio mix to include a greater proportion of higher yielding loans to increase interest income; strengthening the lending process end-to-end, greater fiscal discipline in ensuring that expenditure fall within budgeted targets, more strident management of operating costs, bad debt provisioning, interest income margins and loan recoveries.

Taken together, these initiatives will fundamentally and positively impact the prudential matrix used to assess the health and performance of our Credit Union. Your Board will continue to review the effectiveness of these initiatives and pursue all feasible alternatives as the situation requires, so that the success of our organisation is assured.

HUMAN RESOURCES

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. The Credit Union in 2015 redefined customer service by matching the staff to members and to each other as part of its ongoing programme to be best in class.

COK continued its organisation-wide training and development to make available the best talent for our member relationship management. This resulted in a permanent pool of knowledgeable, innovative and member-centric staff members who are equipped to meet the changing demand of our growing membership and stakeholders.

We also focused on improving the knowledge base of our volunteers through our structured online

training and development, thus ensuring that the minimum training requirements are offered to all.

There were 269 persons employed to the organisation as at December 2015. During the year, we had movements in our Management staff. We said goodbye to Mrs. Trisha Thompson Williams, Manager, Finance and Accounts; Ms. Millicent Isaacs, Manager, Human Resource and Learning and Mr. Hugh Campbell, Manager, Debt Management Unit.

We welcomed Mrs. Marsha Cole Hart, Manager, Human Resource and Learning; Mr. Andrew Brown, Chief Financial Officer and Mrs. Ilyn Thompson, Assistant Manager, Debt Management Unit.

COK REMITTANCE COMPANY LIMITED (COKRS)

The COKRS, a wholly owned subsidiary of the Credit Union, operated 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 its promotional services. During the 2015, a loss of \$56,000.00 was recorded, versus \$2.1M in 2014. This was due in part to the impact on the foreign exchange earnings, 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.

MONEYMASTERS LIMITED (MML)

This company is an associate of COK Sodality as a result of the Credit Union initially acquiring 25% of the company's ordinary shares in August 2010. In 2015, the Credit Union recorded a loss of approximately \$3.3M against \$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.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

IMPENDING BANK OF JAMAICA (BOJ) CREDIT UNION REGULATION

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

CORPORATE GOVERNANCE

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

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 regulatory compliance and will hold the practice of accountability high while it develops and implements sound and appropriate strategies for positive growth.

Once again, the Board wishes to 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 to update your information on the Credit Union files, as it is a requirement by our regulators and the laws of the land.

The Board over the past five years has taken steps to move the Credit Union forward. These include:

- Strengthening the Credit Union's balance sheet.
- Adjusting its business model to incorporate a mixture of short and long term savings and loan products and more structured investments.

- Sustaining a pipeline of innovations that align with our members' needs.

Through these strategic thrusts, we anticipate creating a better future for our members. We will continue to be innovative, value driven, member-focused with all our initiatives "Built Around You" - our members as COK seeks to improve your well-being for the next five years and beyond.

THE WAY FORWARD

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

Going forward we want to solidify our position in the market place as we focus on:

- » **PEOPLE EMPOWERMENT:** Development of our human resources and employees, volunteers and the wider membership to attract and retain superior talents.
- » **OPERATIONAL EXCELLENCE:** Enhancing process management and the procedures for timely delivery of products and services including a robust information technology infrastructure.
- » **FINANCIAL SUCCESS:** Improving long term viability and sustained surplus through capitalization of the Credit Union, cost management and robust delinquency management.
- » **STAKEHOLDER VALUE:** Being more member-centric implementing a Service Charter in January 2016, expanding our service delivery channels and increasing member education.
- » **NATIONAL IMPACT:** Conducting all business activities to ensure that the Jamaican environment is impacted in real and sustainable ways beginning with initiatives in the micro,

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

small and medium sized enterprise sector through partnerships.

APPRECIATION

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

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

DISCUSSION OF BOARD OF DIRECTORS' REPORT

Mr. Garth O'Sullivan expressed the following:

1. That the Credit Union should terminate its alliance with MoneyMasters Ltd.
2. That a pictorial library be set up in the Credit Union to document the picture of the members and the motor vehicle for which the loan was used to purchase to assist in locating the member when the loan goes delinquent.
3. That the Credit Union include activities for senior citizens in their community involvement initiatives.
4. Offered congratulations to the Directors who resigned from volunteering their services to the Credit Union over the years and expressed the hope that they would return when they have rested.
5. Thanked the Credit Union for its assistance to the Hamilton Garden Basic School in Portmore

The President in responding, advised that the Board was examining the MML operations to make a decision on the way forward and would ask the Management to examine the suggestion regarding the pictorial library and delinquency in general.

Mr. Robinson thanked the President for the presentation of the report and the members 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. Garth O'Sullivan and seconded by Mr. Basil Lue. 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 Mrs. Emma Thomas seconded by Mr. Michael Martin. The motion was unanimously carried.

OVERVIEW

The Treasurer, Mr. Steadman Pitterson in presenting the report, invited the KPMG Auditor Mr. Wilbert Spence to read the Independent Auditor's Report found on Pages 65 and 66 of the Annual Report.

Mr. Pitterson stated that during the year the government continued its tight macroeconomic policies and its relationship with the IMF: which adversely impacted the Credit Union's activities, investment income declined year-over-year by \$20M due to decline in interest rates. The adverse economic climate resulted in some members experiencing job losses as they faced challenges servicing their debt with the Credit Union. This resulted in provisions of \$100M. Despite the challenges in the economy, the Credit Union made an operating surplus of \$86M before audited provision. The audited provision of \$100M along with losses experienced in our associate company, where we absorbed \$3M of that loss, resulted in the Credit Union making an overall business loss of \$18M compared to 2014 when the business loss was \$44M. For the year, total assets grew by \$326M, to record a balance of \$7.8B compared to \$7.5B in 2014. This asset growth was mainly due to increase in savings and share deposits.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

PERFORMANCE

The Board and Management continue to face these challenges head-on and continue to demonstrate tight cost containment which resulted in the operating cost for the year being \$18M below the amount budgeted. Despite loss of \$18M, the financial year ended with the Credit Union achieving a number of positive results. These included 7% growth in loan portfolio, by \$347M; 5% growth in the savings portfolio by \$314M; 81% growth in permanent shares by \$92M. Interest income from loans achieved 95% being \$743M, although this fell short in the budget by \$40M. Operating expenses were contained within 98% of budget, resulting in the Credit Union spending \$18M less than budgeted.

LOAN DISBURSEMENT

Disbursement grew in 2015 as \$2.517B was disbursed. Gross loans increased significantly year-over-year by \$368M, to remain at \$5.5B in 2015. Loan disbursement over the last five years moved from \$3.79B to \$5.362B; an increase of \$2B or 58%. This growth assisted the Credit Union to achieve most of its interest targets.

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

BAD DEBT PROVISION

All was not rosy for the Credit Union for the year as there were some areas in which the budgeted targets were not met. Bad Debt Provision was \$9M over the budget. Non-interest income fell below the budget by \$29M, as \$303M was achieved against a budget of \$333M. Significant to this was the \$2M shortfall in bad debt recoveries, as the plan was to recover \$51M.

The Credit Union was also negatively impacted by the declining interest rate, tight liquidity and lower net interest margins. The Credit Union continued to closely monitor the areas of bad debt and had implemented new and more robust strategies to help achieve the goal set out as we move forward.

DEBT MANAGEMENT PLAN

The Credit Union's biggest challenge continues to be debt management. Delinquency in 2011 was 7% and it worsened to 9.35% in 2015. The strictures in liquidity in the fiscal space created challenges for members being unable to pay their loans. The assets that were pledged against the delinquent loans were also a challenge to dispose of during the year, as liquidity remained tight and therefore people's disposable incomes were not geared towards purchasing these assets. The expectation is that with the increased liquidity arising from the maturity of the \$62B Government of Jamaica securities in 2015, some of this money will find its way into the purchasing of these assets as purchasing power should increase.

Actual provision over the last five years showed that provisions were ahead of budget. It's indicative that we have not yet tamed the animal called 'Bad Debt Provision'.

The seven-year synopsis of the effect of loan loss provisions on the fortunes of the Credit Union showed that simple addition of the provisions for the seven years gives a total of \$865M for that period. All of this could have gone to the bottom line to make this a more robust Credit Union.

With consistency and focus from the entire debt management team and increased sensitivity of the entire COK Sodality family, we intend to gradually reduce our positions to approximately 8.5% by December 2016. In order to achieve this target, the Debt Management Department has since strengthened internal processes to include increases in individual collection daily targets. In addition, the Department has changed the priority within the Integrated Collection Management System, (ICMS), to ensure that accounts with the greatest dollar value of arrears are targeted versus what obtained. We continue to increase focus on high value accounts - \$2M and over - which accounts for the

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

greater percentage of delinquency and provisions monthly. This focus includes daily oversight of these accounts by the Chief Financial Officer, Debt Management Unit Manager and Senior Collectors.

The Credit Union has engaged the largest collection agency in the Caribbean to assist with the collection of charged-off accounts and delinquent unsecured loans. The branch managers are now playing a more integral role in monitoring of accounts domiciled in branches at the 1 - 30 day stage of delinquency.

INVESTMENTS

Investment of \$1.8B remained flat for 2015. Interest income earned on investment was \$130M compared to \$149M in 2014. This was related to the lowering of interest rates against the benchmark Treasury Bill. As the bond market remained stagnant, the Credit Union did not earn anything for 2015 in bond trading. 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.

SAVINGS AND DEPOSITS

Shares grew from \$2.19B to \$2.288B, not a staggering growth but nonetheless some growth. Savings deposit moved from \$4.3B, to \$4.5B. The members continue to exhibit confidence in the Credit Union as is evidenced in the increase of \$314M in year-over-year savings.

The Credit Union's adult and **C.A.R.E.S.** membership grew by 5,853 in 2015. Permanent Shares increased by \$92M when compared to 2014. Several initiatives have been implemented to encourage our members to become Permanent Share compliant.

WAY FORWARD

Mr. Pitterson indicated that some of the strategic objectives for the 2016 financial year were to:

- Grow our loan portfolio by \$1.4B.

- Increase savings to fund our loan growth.
- Reduce the delinquency to 8.5%.
- Increase interest income by 20%.
- Improve our capital adequacy rate.
- Leverage COK's real estate holdings.
- Increase deferred shares to \$500M.
- Increase permanent shares through membership growth and compliance.

Despite the various challenges associated with operating in the 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 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.

HIGHLIGHTS OF 2016 BUDGET

Mr. Pitterson presented a summary of the budget for 2016, as outlined on pages 37 and 38 in the 2015 Annual Report. The Credit Union aimed to earn interest income of \$1.052M; payout from income and expenses of \$359,965,000 which will leave a net interest of \$698,780,000. We plan to earn from non interest sources \$311,719,000, give an overall gross margin of \$1,010,000 after applying expenses of \$965M. The Credit Union plans to make \$33,855,000, and after an estimated \$3M share in the loss of the associate business we anticipate a net surplus of \$30,855,000. We plan to grow our assets to \$8,753,000,000, these will be funded significantly from shares, savings and of course our

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

various institutional capital and shares including the Deferred Shares of \$500M.

ACKNOWLEDGEMENT

In concluding the report, the Treasurer expressed 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. Thanks to our auditors, KPMG, who conducted and completed their audit in a timely manner. He thanked the Management and Staff of the Credit Union for remaining committed in their responsibilities to the organisation.

The Treasurer also thanked the team of Volunteers who unselfishly gave of their time and talent, and shared their ideas and recommendations on improving the Credit Union. He expressed gratitude to the members for their continued support of the Credit Union and the opportunity given to him to serve in the capacity.

DISCUSSION OF THE TREASURER'S REPORT

Mr. Courtney Wynter said he endorsed the suggestion to exit the MoneyMasters Limited investment as the Credit Union had exceeded the losses over the investment it held.

Mr. Wynter suggested that instead of selling the property owned by the Credit Union as one of its strategies to raise funds, it should sell its mortgage portfolio which should be about \$350M. This would bring in some savings to the Credit Union.

He said in the sale and lease-back arrangement, the Credit Union would have to maintain the building and pay lease to the owners which would incur expenses on the books. He said assets are disposed of frequently, but the sale did not make economic sense, as there would be some loss due to depreciation of the property.

Mr. Wynter expressed concern with the plan to increase total income by 20%, as this was never

achieved by the Credit Union, and looking at the 2016 budget and given the strategy outlined he was unsure the targets would be met.

Mrs. Mighty explained that the President's and Treasurer's reports outlined the initiatives to achieving the 2016 targets. This included the shift in micro lending and the realignment in the mix of lending products. The greater mix to higher yielding products which was expected to drive the revenue, was also a key strategy, she said. There were also other higher yielding products. She added that the lower yielding products to focus on included mortgages and motor cars to some extent, but the focus would be on balancing the portfolio so that the higher yielding loans would help drive and sustain the interest income.

She said results so far for the first quarter of 2016 showed that the improved credit assessment was helping to achieve the loans. Based on other results so far, the 2016 budget would be met, she said.

Mr. Michael Martin pointed out that as it relates to the suggestion by Mr. Wynter to sell the mortgage portfolio an explanation of the planned sale and leaseback arrangement should be given so both options can be weighed.

Mr. Neville Rhone said plans to dispose of 66 Slipe Road and adjoining premises belonging to COK would be the demise of the Credit Union Movement in Jamaica.

Mr. Michael Burke stated that in light of the loss on investment in MML, it was time the Credit Union offers to buy shares into companies on the condition that all of its employees save in the Credit Union. This could offset the loss of the company and get savings into the Credit Union.

Mr. Burke mentioned that in an effort to improve the loan loss, the Credit Union should seek to educate the members on the importance of saving with

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

the Credit Union and repaying their loans. This, he said, could be done by utilising the social media, electronic and print media, seminars and members meetings.

Mr. Pitterson explained that part of the sale and leaseback strategy was to garner a meaningful surplus to achieve the bottom line, to bring our reserve to more acceptable level. In this way, he said, it would have a dual effect not only on the cash flow, but effectively on the bottom line. Mr. Pitterson said that Mr. Wynter's suggestion would be examined; adding that there were certain safeguards in the structure of the agreement of the sale and leaseback to ensure that at the end of the time the property is bought back. He said the Management and Board looked at the matter carefully with proper sensible economic and business analysis and that the points raised by the members had been noted. He advised that the Board would further assess the issue and inform the general membership.

Mr. Burke put forward a motion for a resolution to restrain the Board from selling the building without the agreement of the membership.

After much discussion and deliberation, the Treasurer accepted the suggestion that the matter be properly ventilated, documented and represented to the members at a special members meeting, where it will get full discussion for resolutions, vote and a decision.

There being no further questions or comments, Mr. Garth O'Sullivan moved the motion for the adoption of the Reports seconded by the Honourable Donna Parchment Brown. 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. Emma Thomas.

INTRODUCTION

The Chairman, Mr. Rohan Townsend in presenting the report indicated that the economic environment in 2015, 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 demands.

ROLE OF THE CREDIT COMMITTEE

The primary role of the Credit Committee is to approve loans in accordance with the Authorities Schedule, review loans based on pre-determined criteria and review the Credit Policy and procedures with a view to provide recommendations for improvement. The Committee holds meetings on a fortnightly basis.

ACHIEVEMENTS OF THE CREDIT UNIT

The Credit Unit made significant achievements during 2015 despite the many internal and external challenges. The most notable was the establishment of the Centralized Credit Unit (CCU) where key aspects of the credit functions were centralized such as, approval, security documentation and disbursement. This yielded many positive benefits including increased scrutiny with loan assessment and 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 included:

- A 48-hour loan promotion in November 2015 at three locations, Half Way Tree, Mandeville and Montego Bay. It was a resounding success and it is anticipated that this will continue in the future. This will strengthen the Credit Union.
- Disbursements of 85.38% of loan target for the year.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

- Disbursements of 100% in Loan within deposits; Micro Loans; Mortgages, Scholar Plus Loans, COK Debt Consolidation and Fast Loans.
- Expansion of Micro Unit, with satellite offices in Ocho Rios and Spanish Town.

Despite the challenges, the Team has shown that with focus, determination, foresight and solid strategic initiatives, the loan portfolio will continue to grow and do well.

OUTLOOK

Mr. Townsend said the foremost goal going forward was to return the Credit Union to a position of dominance in the Movement. Adopting 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 was a great deal of opportunities for COK Sodality Co-operative Credit Union to expand its portfolio in the automobile, real estate, tourism, energy and micro, small and medium-sized enterprise sectors.

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

ACKNOWLEDGEMENT

In concluding the report, Mr. Townsend acknowledged the Management and Staff for the assistance given to the Committee as they exercised oversight responsibility for loans approved by the Credit Union for the year 2015. He thanked the Committee members for their support through the year; the other volunteers and the members for the confidence reposed in the committee to act on their behalf in reviewing loans. He promised that the Committee would continue to give its best to strengthen the Credit Union.

DISCUSSION OF THE CREDIT COMMITTEE REPORT

Mr. Enoch Allen commended the Board and Management for the implementation of the Centralized Credit Unit which he thinks would expedite the processing of loans.

There being no further questions, the report was accepted on a motion moved by Mr. Errel Crooks and seconded by Mr. Garth O'Sullivan. The motion was unanimously carried.

REPORT OF THE SUPERVISORY COMMITTEE

The report was taken as read on a motion moved by Mr. Errel Crooks and seconded by Mr. Basil Lue.

INTRODUCTION

Ms. Herma Walker, Chairman, stated that the Co-operative Societies Act defines the Supervisory Committee as a committee elected by the members of the Credit Union at an Annual General Meeting for the purpose of audit and supervision. The 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 its responsibilities, the Committee carried out investigations into members' complaints and activities to strengthen the governance process of the Credit Union. As vanguards of the Credit Union, the Supervisory Committee seeks to ensure the operations of COK are kept in line with its vision and mission.

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 laid down by the Board of Directors, and the Co-operative Societies Act. The findings and recommendations are then presented at the Board of Directors meeting for their deliberations.

The Committee discharged its responsibility to the general membership by conducting regular

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

reviews of the operations of the Credit Union and providing monthly reports of the findings and recommendations to the Board of Directors and Management.

AREAS OF FOCUS FOR 2015

Some of the focus areas for 2015 were:

- Branch operations review
- Bank reconciliations audit
- Dormant/inactive accounts audit
- IT change management audit
- ATM reconciliation audit
- Product reviews
- Monthly cash audit exercise
- Proceeds of Crime Act (POCA)/
Anti-Money Laundering review

The Committee conducted reviews in accordance with International Auditing Standards and best practice. Findings revealed general adherence to established policies, procedures and internal controls. Compliance with the related laws and regulations that govern the Credit Union operations were 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.

CHALLENGES

Ms. Walker said although many of the recommendations made to the Management and the Board were implemented in a timely manner there were still some items that remained unresolved for an extended time. The delay in resolving these issues could impact the effectiveness of the governance process of the organisation.

CONCLUSION AND ACKNOWLEDGEMENT

In concluding the report, Ms. Walker acknowledged

the Board of Directors, Management, Staff and other volunteers for their tremendous work during the year. She expressed appreciation for the remarkable work of the Internal Audit Staff during the year and their unwavering support to the Committee. She thanked the hardworking members of the Committee for their sterling commitment and dedication; and invited all to continue to work together as a team in building the organisation, as we embrace the motto for 2016 to "Collaborate and Grow".

There being no questions, the report was accepted on a motion moved by Mr. Donald Blackwood and seconded by Mr. Rohan Townsend. The motion was unanimously carried.

REPORT OF THE EDUCATION COMMITTEE

Mrs. Jacqueline Mighty presented the report in the absence of Mr. Al Chambers. It was taken as read on a motion moved by Ms. Linda Miller and seconded by Mrs. Emma Thomas.

Mrs. Mighty stated that the Education Committee has the 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.

Mrs. Mighty indicated that to fulfil its responsibility the Committee conducted meetings throughout 2015 to deliberate on various issues; and the details were outlined on pages 60 and 61 in the Annual Report.

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

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

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 Ms. Phillipa Beckford and seconded by Mr. Neville Rhone.

Mrs. Mighty stated that the Jamaica Co-operative Credit Union League's 74th Annual General Meeting was held May 28 - 31, 2015 at the Hilton Rose Hall Hotel & Spa in Montego Bay; under the theme "Local Service.....Global Good". Approximately 150 delegates and observers were in attendance.

Mrs. Mighty advised that the details of the meeting were outlined on Pages 57 and 58 of the Annual Report.

Mr. Errol Beckford congratulated the Credit Union on winning the 1st place for the Highest Production in the number of new accounts for Golden Harvest Savings Plan for 2014, and also 1st place for the Highest number of new accounts for FIP for 2014.

There being no other comments or questions, the report was adopted on a motion moved by Mr. Errol Beckford and seconded by Ms. Phillipa Beckford. The motion was unanimously carried.

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

Mrs. Jacqueline Mighty presented the report which was taken as read on a motion moved by Ms. Linda Miller and seconded by Mr. Courtney Wynter. The motion was unanimously carried.

Mrs. Mighty mentioned that the JFCU's Annual General Meeting was held at the Tropics View Hotel, Wardville, Hatfield, Mandeville on April 12, 2016. She said Delegates to JFCU were Mr Neville Rhone, Mr. Michael Burke and Mrs. Jacqueline Mighty. However, Mr. Burke and Mrs. Mighty were in attendance at the meeting.

She advised that Mr. Burke was nominated and elected at the meeting to represent the Jamaica Fishermen's Co-operative Union on the National Union of Co-operative Societies Board.

She indicated that the details of the meeting were outlined on Page 59 of the Annual Report.

There being no questions or comments the report was adopted on a motion moved by Mr. Errel Crooks and seconded by Mrs. Jacqueline Daley. The motion was unanimously carried.

PROPOSAL FOR FIXING THE MAXIMUM LIABILITY TO 31ST DECEMBER 2016

In keeping with Rule 70 it was proposed that Maximum Liability to 31st December, 2016 be set at \$8.2B, being 12 times the 2015 total capital, inclusive of Deferred Shares of \$300M projected at \$681M.

This was adopted on a motion moved by the Treasurer 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 Mr. Andre` Gooden and seconded by Ms. Dianne Fraser. The motion was unanimously carried.

The Elections, as per Rule 65 (iv) were presided over by Honourable Donna Parchment-Brown. She 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.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

The selections were presented to the meeting as follows:-

BOARD OF DIRECTORS (For 1 year)

- » Mr. Ewan Millen

Mr. Ewan Millen was elected for one year to complete the term of Mr. Deryke Smith.

BOARD OF DIRECTORS (For 2 years)

- » Mr. Orville Christie
- » Mr. Clive Medwynter
- » Rev. Michael Lewis
- » Mr. Michael Martin
- » Ms. Vinnate Hall

They were unanimously accepted on a motion moved by Mrs. Jacqueline Daley and seconded by Mr. Errol Crooks.

CREDIT COMMITTEE (For 2 years)

- » Mr. Errol Beckford
- » Mrs. Donna Pommells
- » Mrs. Sharon Usim
- » Mr. Patrick Galbraith

They were unanimously accepted on a motion moved by Mr. Garth O'Sullivan and seconded by Ms. Dianne Fraser.

SUPERVISORY COMMITTEE (For 1 year)

- » Ms. Herma Walker
- » Mrs. Jacqueline Daley
- » Mrs. Carol Williams
- » Mr. Arnold Breakenridge
- » Corporal William Graham
- » Ms. Charmaine Newsome
- » Mr. Alston Reid
- » Mr. Enoch Allen
- » Ms. Phillippa Edwards

They were unanimously accepted on a motion

moved by Mr. Courtney Wynter and seconded by Mr. Errel Crooks.

DELEGATES TO JCCUL (For 1 year)

- » Mrs. Jacqueline Mighty
- » Mr. Steadman Pitterson

ALTERNATE DELEGATES

- » Mr. Orville Christie
- » Ms. Carol Anglin

JAMAICA FISHERMEN CO-OPERATIVE UNION

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

JAMAICA CO-OPERATIVE INSURANCE AGENCY LTD.

- » Ms. Carol Anglin
- » Mrs. Jacqueline Mighty

They were unanimously accepted on a motion moved by Mr. Errol Beckford and seconded by Mr. Neville Rhone.

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

The Chairman thanked the Honourable Donna Parchment-Brown for conducting the elections.

Congratulatory and Condolence Resolutions

Congratulatory Resolution to Honourable Donna Parchment-Brown on her appointment as Political Ombudsman, was moved by Mr. Christopher Robinson and seconded by Mr. Neville Rhone.

Condolences

The following Condolence Resolutions were presented:-

1. Mr. George Carter, moved by Mr. Trevor Blake and seconded by Mrs. Jacqueline Daley.

MINUTES OF THE 49TH ANNUAL GENERAL MEETING (CONT'D)

2. Ms. Kay Anderson, moved by Mr. Christopher Robinson and seconded by Ms. Phillipa Beckford.
3. Ms. Selvina Waite, moved by Mr. Christopher Robinson and second by Mr. Garth O'Sullivan.

Citations

- i) Mr. Christopher Robinson for 28 years of invaluable service to COK Sodality Co-operative Credit Union Limited.
- ii) Dr. Karen Asher Osbourne for 15 years of invaluable service to COK Sodality Co-operative Credit Union Limited.
- iii) Mr. Deryke Smith for five years of invaluable service to COK Sodality Co-operative Credit Union Limited.

ANY OTHER BUSINESS

Mr. Garth O'Sullivan extended thanks to the hardworking staff members of the Credit Union. He saluted them and hoped that they would continue to keep the Credit Union going.

The Chairman reminded everyone that the Annual General Meetings are a very important part of the proper governance structure of any organisation. In the Credit Union it is where democracy, responsibility, equality, equity and solidarity are exercised by members who are the owners, she said. The Chairman said the Board is committed to making changes and COK refines its business, while strategically strengthening its position. The Board will concentrate on business areas that have sustainable competitive advantage, human resource management, cost and expense management, while putting the Credit Union in a position to be, not only profitable, but sustainable in this very dynamic, competitive and complex operating environment.

She said together we can achieve and surpass all goals set for our Credit Union as we each

“Collaborate and Grow” our Credit Union, which is the theme chosen for the year 2016. She implored everyone to ‘collaborate’ to help the Credit Union achieve the target of \$500M in Deferred Shares.

Ms. Anglin reiterated the importance of the members becoming Permanent Share compliant by having a minimum of \$3,000.00 in the Credit Union. She stated that if the 276,140 members put the minimum of \$3,000.00 it would amount to \$800M, which would make a significant impact on the Credit Union.

ACKNOWLEDGEMENT

The Chairman, on behalf of the Board of Directors, thanked everyone for their dedication and commitment to the COK Sodality Co-operative Credit Union Limited. She said that being members of this Credit Union family, together we can make it stronger.

She also thanked the recording secretary, sponsors, photographers, media, management and staff of the Jamaica Conference Centre and the management and staff of COK Sodality for organizing the 49th AGM. She thanked the co-operators and specially invited guests for coming, for being so attentive and for participating in the discussions.

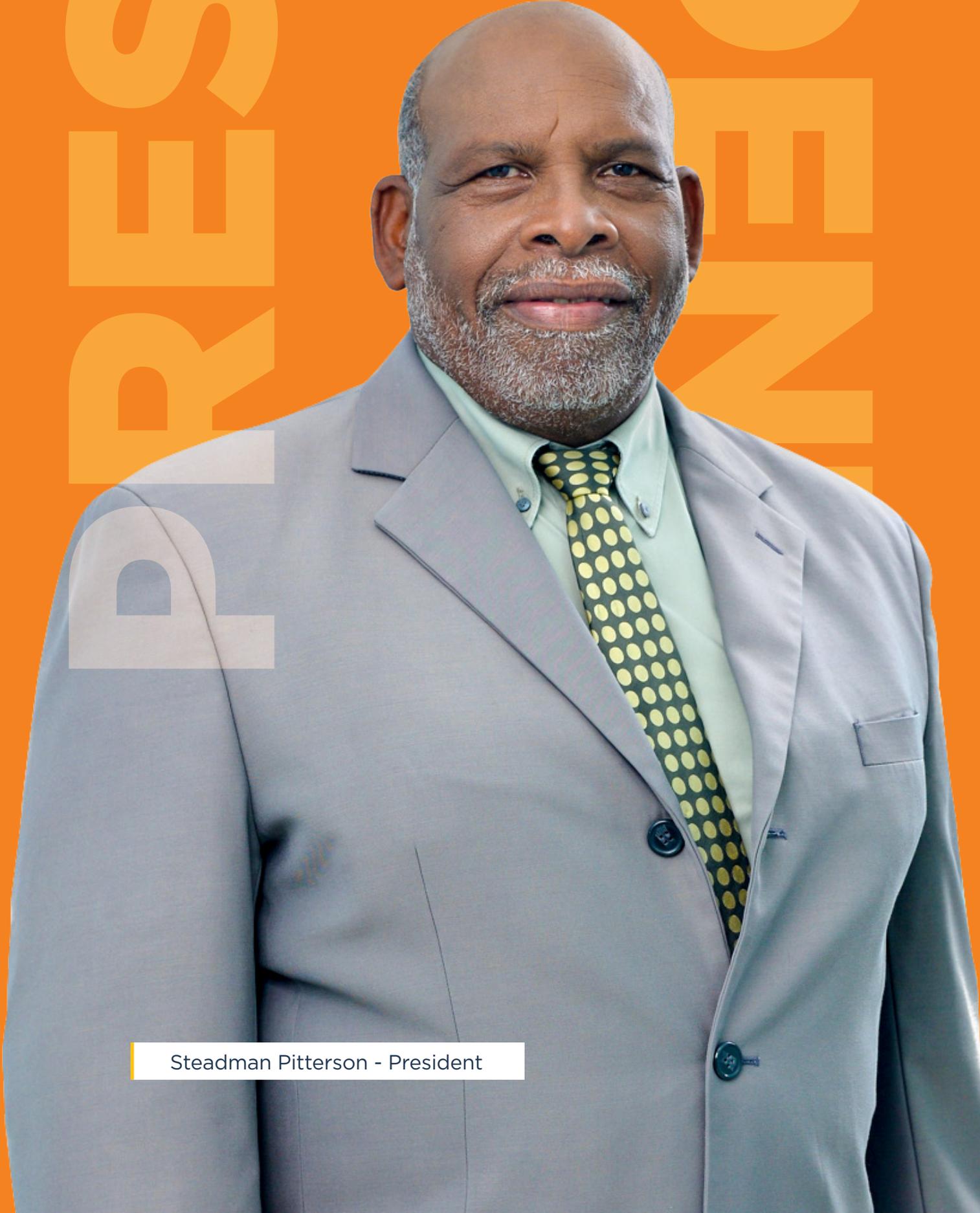
TERMINATION

The Chairman having dealt with all matters terminated the 49th AGM at 5:24pm on a motion moved by Mr. Basil Lue and seconded by Mr. Errol Beckford.



UNIVERSITY OF
SOUTH
ALABAMA
PRESIDENT

UNIVERSITY OF
SOUTH
ALABAMA
PRESIDENT



Steadman Pitterson - President

BOARD OF DIRECTORS



From Left To Right:
ORVILLE CHRISTIE Vice President,
EWAN MILLEN Treasurer, **TREVOR BLAKE**
Assistant Treasurer, **MARJORIE SHAW**
Secretary, **CLIVE MEDWYNTER** Assistant
Secretary, Rev. **MICHAEL LEWIS**, **DEBBIE-ANN**
GORDON-CRAWFORD, **CAROL ANGLIN**,
VINNATE HALL, **MICHAEL MARTIN**, **ALBERT**
"Bertie" **MORRIS**, Founder.

BOARD OF DIRECTORS' REPORT 2016

The Board of Directors of COK Sodality Co-operative Credit Union presents to you, the members, the Annual Report for the year 2016.

The Credit Union sought to achieve its objectives for the year by focusing on the four major factors: operational excellence, financial success, member enrichment and assisting in nation building.

Jamaica's economy continued on a path of relative stability during 2016, on the heels of early termination of the IMF Extended Fund Facility, which was replaced by a three-year Stand-By Arrangement support for continued economic reforms. Turnaround in performance in Agriculture and Manufacturing, plus continued growth in Tourism led to marginal GDP growth, with inflation for the year being below 2%. Consumer and Business Confidence levels in the last quarter were at record highs. Macro-economic conditions are now more favourable for sustained growth. Social challenges, however, such as crime and violence will have to be controlled in order to create a better climate for investing.

Competition remained fierce in the financial sector, with low loan interest rates being the main tool used to attract borrowers. The market aggression was aided by three new commercial banking licences being granted. In the Credit Union Movement, the number of operating credit unions decreased from 34 to 32 at the end of 2016, with another merger expected to be concluded in the first quarter of 2017.

During the year under review, your Credit Union made a total comprehensive net income of \$59.61M [2016: (\$42.23M)], as the Board and Management worked hard to achieve the strategic objectives set out for the year. Under the pillar of financial success, strict control of operating costs, robust delinquency management, and aggressive

sales campaigns were major contributors this year to the financial success. Our interest income targets were surpassed in the last quarter, on the heels of a well-executed loan campaign in the Micro Unit, which offered pre-approved holiday loans to its business members.

- The Credit Union's loan portfolio grew by 9.37% to \$6.03B,
- Savings Portfolio grew by 5.66% to \$7.19B.
- Total assets grew by 9.19% to \$8.57B.

In May 2016, the 5-year Deferred Share instrument, which commenced in 2011, matured. In order to further shore up the Credit Union's capital base, the Board decided to go to market with another Deferred Share Offer, this time seeking to raise \$500M from our members. This was successfully accomplished, in November 2016. The new Deferred Shares assisted in improving the Credit Union's capital adequacy ratio to 9.72% from 6.99% in 2015.

- Total Disbursement of \$2.98B in loans, achieving 92% of target.
- Established Micro Satellite Office in Spanish Town, to complement the satellite office established in Ocho Rios in late 2015
- Reactivated 15,164 dormant or inactive accounts.
- Selected satisfied Members to give Endorsements/Testimonials in electronic media for the areas of Loans, Family Indemnity Plan & Micro Loans/solutions.
- Strategically managed operating expenses, resulting in an achievement of 4% below budgeted expenditure.
- Initiated a successful pre-approved loan initiative for selected micro members in November, thus significantly surpassing disbursement targets for November and December 2016.

BOARD OF DIRECTORS'

REPORT 2016 (CONT'D)

- Disbursed \$690,000 in scholarships to students, including \$220,000 to children of staff members.

OPERATIONS, SALES AND MARKETING, MEMBER EXPERIENCE & BUSINESS DEVELOPMENT

In a fiercely competitive financial landscape, your Credit Union remained visible in the media. This contributed to loan disbursements of \$2.98B representing approximately 92% of target; 5272 new members (84% of target); and net savings of \$326.7M (63% of target). The savings targets were tempered by the fact that members opted to utilize existing savings to invest in COK Deferred Shares.

Significant departmental activities for the year included:

- Electronic media campaign featuring testimonials from satisfied members.
- Successful campaign to reactivate dormant accounts.
- Capacity building seminar for micro and small business entrepreneurs.
- Revamped COK Mobile Application.
- Members meetings across the island.
- A successful Health and Back to School Fair.

MICRO FINANCE UNIT

The Micro Portfolio grew by 90%, from \$265.9M at December 2015 to \$506M at December 2016. The Savings portfolio grew from \$64.4M to \$159.6M in the same period, a growth rate of 148%. The performance of the Unit was bolstered in the last two months of the year, by a strategic initiative where pre-approved loans were made available to selected members. This initiative resulted in the Unit surpassing its disbursement targets for November and December. Additional resources were made available to the Unit in the last quarter, in order to ensure greater focus on efficiency and delinquency management. The Unit will continue efforts to penetrate the market, and improve the lives of its members, with a significant capacity building project which was launched in first quarter 2017.

COMMUNICATION & IMPROVED SERVICE TO MEMBERS

The COK Sodality Board, having made a definite commitment to improving communication and service delivery to our members, fulfilled this commitment, by establishing a Member Experience and Service Excellence Unit which was charged with the sole responsibility of ensuring member satisfaction.

In an effort to successfully execute its mandate of developing a customer-centred business approach, this

TABLE 1 - SUMMARY OF COK'S KEY OPERATING STATISTICS OF OUR MARKETING EFFORTS IN 2016

Categories	Balance as @ 31/12/14	Balance as @ 31/12/15	Balance as @ 31/12/16	Change (\$) 2016 vs. 2015	Change (%) 2016 vs. 2015
Assets	\$7.50B	\$7.85B	\$8.57B	\$724M	9%
Savings (Deposits & Voluntary Shares)	\$6.50B	\$6.81B	\$7.19B	\$385M	6%
Investments	\$1.75B	\$1.79B	\$1.93B	\$145M	8%
Loan Repayments	\$2.10B	\$2.15B	\$2.46B	\$315M	15%
Loan Portfolio	\$5.14B	\$5.51B	\$6.03B	\$516M	9%
Loan Disbursements	\$2.62B	\$2.52B	\$2.98B	\$462M	18.25%
Membership	264,025	267,140	272,412	5,272	2.0%

BOARD OF DIRECTORS'

REPORT 2016 (CONT'D)

specialized unit has implemented a Customer Service Charter as well as a Service Level Agreement. These robust documents are displayed on the company's intranet to allow easy access by team members. As a result, all team members were encouraged to read and learn the terms of each document.

Subsequently, island-wide training for team members in improved customer service delivery began in January 2016. This training has been continuous and includes team members at all levels - that is, the Executive Team, the Branch Network and all the support area staff - and is focused on extensive training in line with the Charter and Service Level Agreements.

Specifically, the training model has adopted the following major areas:

- Alignment with the organisational goals.
- Management buy-in and support.
- Exposure of the support staff and front line staff to the right attitudes, language, behaviour and values which are essential for the achievement of improved customer satisfaction levels.
- Ensuring that the support areas staff understand and recognize their importance in the service delivery equation.
- Working through the issues identified with the Centralized Credit Unit (CCU) in an effort to improve the turnaround time for loan assessment, approval and disbursement.

CORPORATE SOCIAL RESPONSIBILITY

COK Sodality Co-operative Credit Union is strongly committed to support and give tangible assistance to its members and the wider community, as it strives to make a reality its social mission and responsibility of improving people's well-being. During the year under review, the areas of Education, Agriculture and Sports were served.

- In the area of Agriculture, Jamaica 4H Clubs again received sponsorship in support of their 2016 National Achievement Day Activities.
- COK Sodality continued to give support to Education evidenced by the donations and sponsorships to students and schools from basic school level to tertiary institutions. The Credit Union awarded 25 Scholarships and Grants at an approximate value of \$690K to members and children of members attending secondary and tertiary educational institutions.
- The Credit Union participated in Jamaica's annual Labour Day Activities, during 2016, with each of our five branches actively engaged in community and Labour Day projects. In Kingston the major project was the painting of the Clan Carthy High School Building and the construction of a garbage skip at the School.
- During Credit Union Week, October 16 - 21, staff from COK's Head Office, Cross Roads and Mandeville Branches prepared soup and delivered this along with well-needed toiletries, clothes/shoes to the less fortunate in Cross Roads and Mandeville.
- Through the collaborative efforts of COK Sodality, the Jamaica Medical Doctors' Association, Diabetes Association of Jamaica and Heart Foundation of Jamaica, another successful Health and Wellness Fair was staged in August 2016. Approximately 200 individuals received free health checks; while students had their school medicals done free of charge.

PRUDENT MEASURES

STRENGTHENING THE CAPITAL BASE

In 2016, the Credit Union paid special attention to improving the capital of the organization. The major initiatives were:

BOARD OF DIRECTORS' REPORT 2016 (CONT'D)

- The drive to strengthen the Credit Union's capital base which continued during administrative year 2016. One of the contributing variables was the inflows to the Permanent Share Fund from new and existing members. For the year under review \$36.39M was collected. This brought the Permanent Share Portfolio Balance, at the end of December 2016, to \$537M.
- A successful new \$500M Deferred Share offer, which opened in May and closed in November 2016.
- A 'Reactivate and Save' promotion which focused on boosting permanent share compliance, and increasing savings.
- Attractive Loan Promotions which commenced in the first quarter.
- Special attention to cost management and interest margins, leading to increased profitability.
- New initiatives to reduce non-earning assets.

COK Sodality's profitability, Permanent Share increase and the successful Deferred Share Offer contributed significantly to the improvement and strengthening of the Credit Union's capital Base – an achievement of 9.72% compared to a prudential requirement of 8%.

The drive to strengthen the Credit Union's Capital Base will continue to be an ongoing objective.

DELINQUENT LOANS

The Board's Debt Management Committee provided oversight through the Debt Management Unit in monitoring this very critical area of the Credit Union's operations.

At the end of 2016 delinquency stood at 7.83% compared to 9.53% at the end of 2015. Increased vigilance in liquidating assets; securing delinquent loans, along with reallocation of resources to detect and monitor potential problem loans were key contributors to the improved performance in the area.

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 existing Rules, (Rule 38 (i) I) which states that all such charged-off loans must be reported to the next Annual General Meeting by the Board of Directors, we hereby report that these loans, totaling approximately \$50.81M at December 31, 2016, 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, \$33.0M was collected from loans which were charged-off in previous years.

HUMAN RESOURCES

During the period under review, the Credit Union pursued initiatives to continuously improve our staff along with further development of a universal sales culture. In this regard, the entire staff was trained in sales techniques by way of an online tutorial, as well as a series of training seminars facilitated by external instructors.

Staff members participated in observances marking national events with a view to building cultural awareness and enhancing staff engagement. These included:

1. Reggae Month and Jamaica Day recognition on March 4, 2016.
2. Emancipation Day and Independence Day on August 1 and 6, 2016.
3. National Heroes Day recognition between October 14 – 19, 2016.

In addition, as COK sought to encourage staff involvement in projects with national impact, team members participated in initiatives such as Haiti Hurricane Relief projects and Cancer Awareness, both in October 2016.

BOARD OF DIRECTORS’ REPORT 2016 (CONT’D)

STAFF

The Credit Union concluded 2016 with a staff complement of 254 broken down as follows:

Permanent	106
Contract/Temporary	142
H.E.A.R.T. Trainees	6

VOLUNTEERS

After the last Annual General Meeting held in June 2016, the following persons were selected as Officers to serve the Credit Union:

President	Mr. Steadman Pitterson
Vice President	Mr. Orville Christie
Treasurer	Mr. Ewan Millen
Assistant Treasurer	Mr. Trevor Blake
Secretary	Ms. Marjorie Shaw
Assistant Secretary	Mr. Clive Medwynter

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

For the administrative year 2016/2017, the following volunteer has indicated his unavailability to continue to serve:

Director	Rev. Michael Lewis
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On your behalf, we record our thanks to him for his service to the Credit Union and wish for him success in his future endeavours.

We record our appreciation and pay tribute to all our volunteers who continue to contribute 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.

During the year, we saw key management movements including:

Dr. Hopeton Morrison	Consultant, Micro Unit Demitted office.
Mr. Andrew Brown	Chief Financial Officer Demitted office.
Mrs. Jacqueline Mighty	Chief Executive Officer Demitted office.
Mr. Deryke Smith	Chief Financial Officer Joined the Credit Union
Ambassador Aloun Ndombet-Assamba	Chief Executive Officer Joined the Credit Union

WHOLLY-OWNED SUBSIDIARY AND ASSOCIATE COK REMITTANCE SERVICES LTD.

A number of significant challenges have plagued the operation of COK Remittance Services over the last two years. The withdrawal of correspondent banking services from the Cayman market severely hampered remittance business between Jamaica and the Cayman Islands, and by connection, COK Remittance. In addition, the Remittance Company experienced challenges in securing a reliable operating system to support the business. These and other events resulted in an operating loss of \$1.015M in 2016.

Consequently, the Board made the strategic decision to suspend operations of COK Remittance Services effective December 31, 2016. This will allow the company to reorganize internally, and also to identify a compatible operating platform which will enable long term growth.

COK Sodality will continue to serve the remittance needs of its members, through our branch network, as payment agents for JMMB Remittance, JN Money Transfer Services, MoneyGram, and Tropical Money Services.

BOARD OF DIRECTORS' REPORT 2016 (CONT'D)

MONEY MASTERS LIMITED (MML)

Money Masters Limited (MML) is an associate of COK Sodality, with COK owning 20% of the Company's ordinary shares. The Credit Union recorded a loss of J\$914,000 (\$3.03M in 2015) on this investment. The Company's strategic plan identifies new initiatives in the upcoming year which will lead to increased income, and a return to profitability.

CORPORATE GOVERNANCE

During the year under review, the Board of Directors continued to place great emphasis on corporate governance. In this regard, the Board conducted appraisals of the Credit Union's operations and its related Business Units through monthly meetings and numerous sub-committee meetings such as Audit, Risk & Compliance, Finance & Policy, Credit, Debt Management, Information Communication Technology and Supervisory. Details on the meetings convened in 2016 are outlined in the table below:

Meetings	Total No. of Meetings Held	Attendance %
Audit, Risk & Compliance	4	60.29
Finance & Policy	11	81.06
Credit	21	54.06
Debt Management	12	60.12
Information Communication Technology	11	74.24
Supervisory	21	71.46

IMPENDING BANK OF JAMAICA (BOJ) CREDIT UNION REGULATIONS

Whilst Credit Unions have been preparing for the pending regulatory control by the BOJ, the Regulations are still under review and have not been enacted for the change of governance. COK Sodality is ensuring that all the necessary

requirements are in place to be ready for the Credit Union for licensing under the BOJ regulations without undue complications. In light of this, the impending BOJ regulations form part of the monthly Agenda for the Board of Directors' meetings to ensure that the governance body is kept abreast of the progress of all pending matters and to ensure that management addresses and corrects identified gaps.

THE WAY FORWARD

The Board is happy to report that the Credit Union has made a Total Comprehensive Income of \$59,610,000 this year. This has come as a result of focused attention to keeping delinquency in check. However, there is still a great number of members who do not service their loans as they contracted. We intend to move quickly in the coming year to realize the security offered on these loans and thus reduce the bad debt figures.

As we celebrate our 50th Anniversary, we recommit ourselves to delivering the superior COK service to our members - which has become our hallmark. In this regard, we will host a number of activities and events to reconnect with our members throughout Jamaica. These will include a number of members' meetings with all branches. As we meet, we have already held five, which were well attended and which served to provide critical product knowledge to our members. Several members also shared powerful testimonials of how COK Sodality positively impacted their lives in various ways. A number of other activities are planned for the year, so look out for them.

We will focus on continuing to advance the development of our human resources, staff and wider membership, by exposing them to activities that will improve their personal situation.

As COK recommits itself to serving our members and other stakeholders for another 50 years and beyond, we pledge to continue to provide value

BOARD OF DIRECTORS' REPORT 2016 (CONT'D)

through the efficient delivery of products and services that will best meet our members' needs in an efficient, accurate and timely manner using the best available information technology platform.

Be assured that COK Sodality is indeed Created, Owned and Powered by You, the Members! The importance of this cannot be overstated, and we urge that you, our members utilise the wide array of products and services that we have designed just for you!

It is essential that all members contribute their share towards our Permanent Shares pool as we seek to strengthen our Capital base. Your Board remains committed to ensuring that this vitally important aspect of COK's operation is improved. It will lead to sustainable financial viability and ensure that our Credit Union will be able to serve for another 50 years as a strong entity in the Credit Union Movement.

We are excited as we embark on our next 50 years of serving you, our members and look forward to taking our place at the pinnacle of our Movement once again.

APPRECIATION

We wish to record our appreciation to our loyal volunteers, management, staff, liaison officers and all who have assisted COK Sodality Co-operative Credit Union Limited in the conduct of its affairs over the past year.

We thank you, our members for your dedication, support and confidence that you continue to place in us as we strive to serve COK Sodality Co-operative Credit Union Ltd.

For and behalf of the Board of Directors.



Steadman Pitterson
President

APPENDIX I

OUR PRODUCTS AND SERVICES

1. PARTNER PLAN

PARTNER PLAN	2013	2014	2015	2016	Change in 2016
Members in Plan	2547	2567	2947	3346	14%
Value	\$86.85M	\$89.85M	\$109.9M	\$140.3M	28%

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 2016, a total of 10,345 plans matured for a value of \$477.3M and at the end of December there were 3346 members with a Fund Value of \$140.3M.

These numbers represented increases of 14% and 28%, 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. FIXED DEPOSIT

FIXED DEPOSIT	2013	2014	2015	2016	Change in 2016
No. of Members	11,963	11,837	11,545	11,173	-3%
Value	\$2.68B	\$2.69B	\$2.65B	\$2.44B	-8%

The Fixed Deposit Portfolio has been experiencing fluctuating results over the last four years. For 2016, the number of members with Fixed Deposit Accounts declined by 3 percentage points and the Fund value by 8 percentage points.

This performance, we believe, is as a result of the lowering of interest rates being offered on savings,

in addition to the fact that some members transferred their funds to the Credit Union's 2016 Deferred Share Offer.

Members desirous of establishing a Fixed Deposit Account need to have a minimum of \$10,000 and may choose to save for 30, 60, 90, 180 or 365 days.

APPENDIX I

(CONT'D)

3. COK PENSION PLAN

COK PENSION PLAN	2013	2014	2015	2016	Change in 2016
No. of Members	4,520	5,243	5,804	6,297	8%
Value	\$185.6M	\$237.50M	\$304.4M	\$364.5M	19.7%

COK's Pension Plan has been achieving steady growth year-over-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 2016 the Plan experienced 8% and 19.7% year-over-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 organisations 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 up to 5 years after normal retirement age.

4. GOLDEN HARVEST

GOLDEN HARVEST	2013	2014	2015	2016	Change in 2016
New Members	1,911	3,027	2,698	3,430	27%
Total Members	3,351	4,155	4,139	4,511	9%
Value	\$411.7M	\$541.8M	\$610.2M	\$693.3M	14%

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 saving plans. In 2016, new members with Golden Harvest Plans increased by 27%, total number of members increased by 9% and there was an encouraging 14% increase in the value of the Fund.

A special feature of this plan is the insurance component which covers up to \$4M of the member's savings. 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.

APPENDIX I

(CONT'D)

5. FAMILY INDEMNITY PLAN

FAMILY INDEMNITY PLAN	2013	2014	2015	2016	Change in 2016
Members	6,801	7,546	7,888	8,312	5%

The Family Indemnity Plan (FIP) is a death benefit 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 seven plans with coverage ranging from \$80,000 to \$1,000,000 per member of the family, for group monthly premiums ranging from \$422.40 to \$5,280, respectively.

This is a Plan under which every family should be covered. In 2016, there were 8,312 members on the plan. This represents a 5% increase year-on-year.

Two hundred and eighty-five (285) members or their dependents were the beneficiaries of approximately \$108M in claims paid under this plan.

6. STANDING ORDER PAYMENTS

STANDING ORDER PAYMENTS	2013	2014	2015	2016	Change in 2016
Transactions	5,786	5,371	5,018	4,453	-11%
Institutions Paid	15	12	12	13	8%

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 represent declines year-on-year in terms of number of transactions and fluctuations in terms of institutions paid.

7. COK XCHANGE - CAMBIO SERVICES

CAMBIO	2013	2014	2015	2016	Change in 2016
Amount Traded	US\$23.89M	US\$13.6M	US\$21.2M	US\$18.8M	-11%
Earnings	J\$12.15M	J\$5.3M	J\$8.63M	J\$10.35	20%

During the year 2016, COK Cambio FX Trade analysis showed an increase in profits of 20% when compared to profits achieved in 2015. Despite this minimal profit margin it shows the resilience of the COK Cambio services as the year 2016 was not without its challenges, as the Jamaican Dollar continued to devalue against the US Dollar with the same reaching an all-time high of \$129.28 to \$1.00 in October 2016. Since 2016, however, we have seen some stabilization and we are now trading at rates that will hopefully allow the COK Cambio Services to show a greater increase in profits at the end of 2017. In addition COK Cambio Services have also implemented strategies that we are also hoping will provide a boost in business, profits and significantly grow our clientele.

APPENDIX I

(CONT'D)

Foreign exchange services are available at our five (5) branch locations in (Cross Roads, Half-Way-Tree, Portmore, Mandeville and Montego Bay). These services which include, the sale and purchases of all major currencies, incoming and outgoing wire transfers and the issuance of drafts and cheques, are accessible to both members and non-members at competitive rates while being delivered with superior service.

8. COK REMITTANCE SERVICES

REMITTANCE (Sub Agent)	2013	2014	2015	2016	Change in 2016
No. of Transfer	33,664	49,066	39,642	32,757	-17%
Value	\$722.2M	\$1.32B	\$1.09B	985.1M	-10%

A number of significant challenges have plagued the operation of COK Remittance Services over the last two years. The withdrawal of correspondent banking services from the Cayman market severely hampered remittance business between Jamaica and the Cayman Islands, and by connection, COK Remittance. In addition, the Remittance Company experienced challenges in securing a reliable operating system to support the business. These and other events resulted in an operating loss of \$1.015M in 2016.

Consequently, the Board made the strategic decision to suspend operations of COK Remittance Services effective December 31, 2016. This will allow the company to reorganize internally, and also to identify a compatible operating platform, which will enable long term growth. COK Sodality will continue to serve the remittance needs of its members, through our branch network, as payment agents for JMMB Remittance, JN Money Transfer Services, MoneyGram, and Tropical Money Services.

APPENDIX II

ATTENDANCE AT DIRECTORS' MEETING

Name	Position	Scheduled Meetings	Meetings Attended	Meetings Excused
Mr. Steadman Pitterson	President	10	10	0
Mr. Orville Christie	Vice President	10	9	1
Mr. Ewan Millen	Treasurer	10	5	5
Ms. Marjorie Shaw	Secretary	10	8	2
Mr. Trevor Blake	Assistant Treasurer	10	8	2
Mr. Clive Medwynter	Assistant Secretary	10	10	0
Ms. Carol Anglin	Director	10	10	0
**Rev. Michael Lewis	Director	10	6	4
Mrs. Debbie-Ann Gordon	Director	10	5	5
Ms. Vinnate Hall	Director	10	9	1
Mr. Michael Martin	Director	10	9	1

**Resigned December 2016



**OWNED
BY YOU**

TREASURER'S REPORT 2016

The Jamaican economy continued to expand in 2016. Growth was mainly attributed to the continued improvement in Jamaica's macroeconomic fundamentals through various structural reforms carried out by the Government, increased foreign and domestic investor confidence, as well as favourable weather conditions. The positive economic narrative was reinforced by the IMF in its first review of Jamaica's precautionary Stand-By Agreement. Notwithstanding the improvements in Jamaica's macroeconomic fundamentals, there were concerns about the recent upward movements in the exchange rate, which was controlled by selling foreign exchange in the market; tightening liquidity and adjusting the cash reserve ratio. Overall confidence in the economy was evident as reduction in interest rates resulted in the COK Sodality Co-operative Credit Union's members being able to access loans at lowered rates. This did not deter members from participating in the Credit Union's increased deferred shares portfolio which offered them lucrative returns on investment. Deferred shares moved from \$300M to \$500M take up.

The favourable growth conditions in Jamaica's economy also allowed for more of our members to access a variety of loan products including micro loans which contributed to the Credit Union's ability to make a surplus of J\$208M (2015:J\$86M) before audited provision. There was significant provision of \$151M along with loss in the subsidiary of \$1.015M and the Credit Union share of \$914K in its Associate company's loss, but despite this the Credit Union realized a total comprehensive net income of \$59.61M [2015: (\$42.23M)].

The Board and Management continued to implement robust strategic plans which will enable the Credit Union to remain relevant, efficient and sustainable year over year.

PERFORMANCE

There were significant financial impacts within the 2016 financial year which resulted in the Credit Union achieving a number of positive results.

These included:

- 9.37% growth in the Loan Portfolio - increased by \$516M, to close at \$6.03B, (2015 - \$5.51B).
- 5.66% growth in the Savings Portfolio - increased by \$385M, to close at \$7.19B, (2015 - \$6.81B).
- 7.27% growth in Permanent Shares - increased by \$36M to close at \$537.01M.
- 86.43% achievement of interest income from investments - \$112.02M vs. budget of \$99.01M; excess of \$13M.
- 4% containment of operating expenses - \$926.29M vs. budget of \$965.86M; savings of \$39.86M.
- Non-interest income grew by 5% or \$14.73M - Achieved \$313M vs. budget of \$308M an increase of \$5.12M or 2%.
- Bad Debt Recoveries increased year over year by 13% or \$3.84M - achieved \$33M vs. budget of \$24M.
- Interest income from loans increased 22.47% or \$166.94M, - (2016:\$909.61M) vs. (2015:\$742.66M).

There were however some areas that did not meet the budgeted targets set for the 2016 financial year, and as such impacted the financial performance negatively. These included the following:

- Total Provision grew year over year by 51.19% or \$51.34M; \$145M vs. budget of \$121M.
- Year-over-year Other Financial Cost increased by 28% - \$44.9M vs. budget \$43M.

TREASURER'S REPORT 2016 (CONT'D)

DEBT MANAGEMENT PLAN

As at the end of December 2016, the delinquency rate was 7.83% (2015: 9.53%). The Debt Management Unit was able to recover over \$33M (2015: \$29M) of the planned \$24M through the continuous and aggressive pursuit of delinquent members.

A review of the loans disbursed in 2016 versus loans disbursed in 2015 points to the fact that we are making improvements in our assessment processes; as more of the loans disbursed in 2016 remained in good standing at the end of 2016 when compared to those loans issued previously. (See table 1 below). 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 fruit. We will continue to work on these areas to ensure that the results improve.

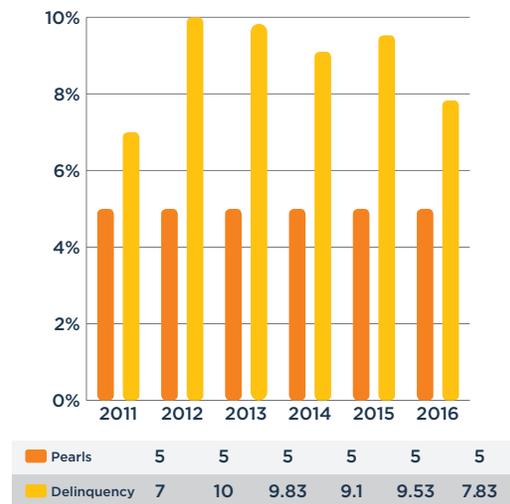
TABLE 1

PERFORMANCE OF LOANS DISBURSED 2015 VS 2016				
	2015		2016	
	%	# of loans	%	# of loans
Loans not delinquent	93.28%	1699	89%	6376
Loans delinquent over 30 days	6.72%	112	5.07%	364
Loans delinquent over 60 days	3.69%	65	1.84%	132

The Credit Union will continue to employ an aggressive posture, while acting expeditiously, as we seek to improve the asset recovery process. We continue to strengthen the entire delinquency process to achieve greater efficiencies. We are cognisant 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.

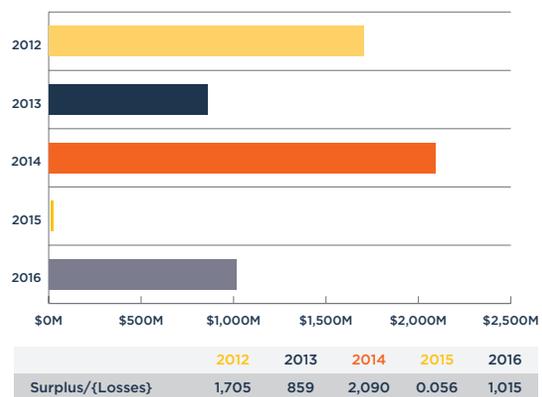
GRAPH 1
Delinquency 2011 - 2016



REMITTANCE

COK Remittance Company, a wholly owned subsidiary, made a loss of approximately \$1.015M compared to a \$0.056M loss in 2015.

GRAPH 2
Financial Performance 2012 - 2016



TREASURER'S

REPORT 2016 (CONT'D)

TABLE 2 - Below summarises the results of the Credit Union's operations for 2016 as compared to 2015.

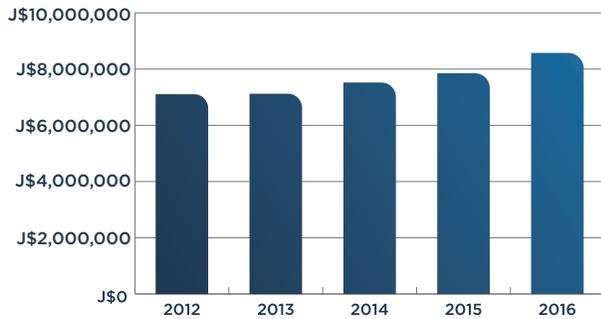
ANALYSIS OF CHANGE IN INCOME & EXPENDITURE 2016 VS. 2015				
	\$ ' 000	\$ ' 000	\$ ' 000	
	2016	2015	VARIANCE	%
INTEREST INCOME				
Members' Loans	909,611	742,668	166,943	22%
Investments and Deposits	112,018	129,605	(17,587)	-14%
TOTAL INTEREST INCOME	1,021,629	872,273	149,356	17%
INTEREST EXPENSE				
Members' Deposits	(167,947)	(183,341)	15,394	8%
External Credits	(3,111)	(5,980)	2,869	48%
Other financial costs	(33,844)	(26,437)	(7,407)	-28%
Total Interest Expense	(204,902)	(215,758)	10,856	5%
NET INTEREST INCOME	816,727	656,515	160,212	24%
NON-INTEREST INCOME FEES				
Dividends on Equity	536	-	536	100%
Other Income	113,682	106,415	7,267	7%
Total non-interest income	317,638	303,264	14,374	5%
Gross margin before provision & expenses	1,134,365	959,779	174,586	18%
Less Operating Expenses	(926,289)	(874,019)	(52,270)	-6%
Surplus for the year before provision	208,076	85,760	122,316	143%
Provisions:				
Allowance for Loan Losses	(107,956)	(89,011)	(18,945)	-21%
Allowance for interest losses	(24,049)	(2,257)	(21,792)	966%
Allowance for losses on other assets	(19,638)	(9,031)	(10,607)	117%
Total provision	(151,643)	(100,299)	(51,344)	51%
Surplus/(Loss) for the year before exceptional allowance	56,433	(14,539)	41,894	-288%
Add Share of loss of Associate	(914)	(3,032)	2,118	-70%
Surplus for the year	55,519	(17,571)	73,090	416%
Other Income/Loss	4,091	(24,666)	28,757	117%
Total Comprehensive Income/Loss	59,610	(42,237)	101,847	241%

TREASURER'S REPORT 2016 (CONT'D)

GROWTH

The Credit Union's Total Assets increased by \$724M (2015: \$326M) over the comparative period 2015 to close at \$8.57B. The growth in Total Assets was mainly financed by Deferred Share which was increased by \$200M, and savings which increased by \$385M.

TOTAL ASSETS



	2012	2013	2014	2015	2016
TOTAL ASSETS	7,106,038	7,124,049	7,523,992	7,852,233	8,576,393

LOANS

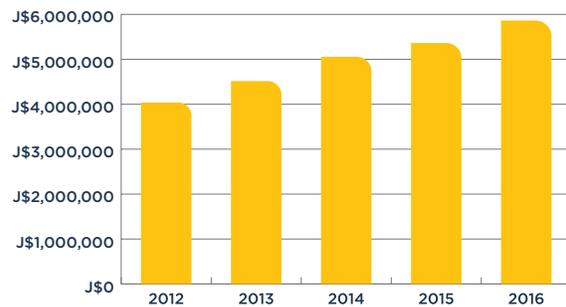
Gross loans increased significantly year-over-year by \$516M (2015: \$368M) to \$6.03B. Disbursements for 2016 were \$2.98B (2015: \$2.52B) or \$462M more than 2015. The competitive and declining interest rates environment continued during 2016. We provided our members with attractive rates and products during the year as we introduced a number of loan promotions. Among these were the new car loan promotion and a diverse micro finance loan product. Despite the reduction in loan yields, the Credit Union achieved 86% (2015: 95%) of its projected loan interest income for 2016. Interest income from loans was \$909.61M compared to \$742.67M for the 2015 comparative period. Our net loan to asset ratio at the end of the financial year was 68.49% (2015: 68%) - well within the PEARLS standard of 60-80%.

Additionally, COK Sodality continued to streamline our credit assessment and policies, and also used

the Credit Bureaus. This has resulted in COK obtaining better quality loans even as it seeks to grow the loan portfolio.

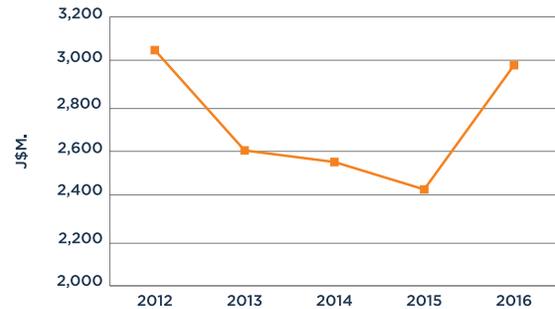
See tables below:

NET LOANS 2012 TO 2016



	2012	2013	2014	2015	2016
NET LOANS	4,038,286	4,515,300	5,056,289	5,362,672	5,862,336

DISBURSEMENT 2012 TO 2016



	2012	2013	2014	2015	2016
DISBURSEMENT	3,035	2,662	2,619	2,517	2,979

PROVISIONS

Several tenacious and high balance accounts in 2016 necessitated increased bad debt provision for the year. The tight economy resulting from the effects of the IMF program negated the Credit Union's ability to dispose of pledged properties for these high balance accounts during the financial year, in a timely manner. Attempts to dispose of these pledged properties will continue during 2017.

TREASURER'S REPORT 2016 (CONT'D)

The Credit Union made the following provisions during the 2016 financial year:

Loan loss provision of \$107M (2015: \$89M). The Credit Union was able to attain a 7.63% (2015: 9.53%) 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.

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 7% by December 2017.

In order to achieve the aforementioned delinquency targets, the Debt Management Department has continued to pursue:

- Strengthening the internal processes to include increasing individual collector's daily targets (Staff Incentive Program).
- Changing 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.
- Increasing payment accessibility and channels for members to pay loans on a timely basis.
- Continue 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.

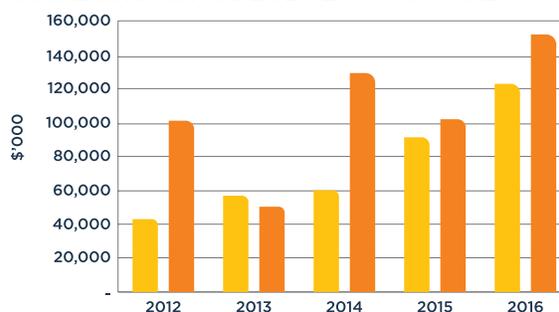
The Branch Managers continue to play a more

integral role in the monitoring of accounts domiciled at the branches at the 1 - 30 day stage of delinquency, as relationship management of these accounts in the early stages of delinquency has proven to be an early warning mechanism. This will continue to be pivotal in reducing our overall delinquency in the medium to long term.

Loan Interest Receivable provision is \$24M (2015: \$2M). Delinquent loans and advances on which interest is no longer accrued amounted to \$442M (2014: \$522M). As such, interest previously accrued and remained unpaid was written off from Interest Income during the year.

Other Assets Provision is \$19.6M (2015: \$9M). Efforts to recover the outstanding amounts are still diligently being pursued.

TOTAL PROVISION: BUDGET VS ACTUAL



	2012	2013	2014	2015	2016
Budget	53,757	59,798	60,090	90,728	121,711
Actual	101,212	51,363	133,435	100,299	151,643

INVESTMENTS

As at December 2016, the investment portfolio was \$1.93B (2015: \$1.78B). Interest Income earned from investments was \$112.01M (2015: \$129M). Interest Income earned on investments was above budget by \$12.91M for the 2016 financial year. This was mainly due to strategic long term investments in secure corporate bonds that yielded higher returns than GOJ instruments.

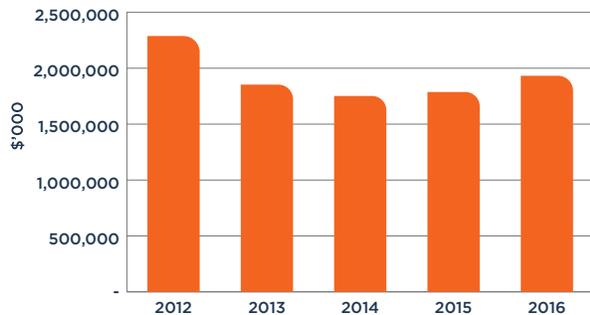
The bond market remained buoyant during 2016.

TREASURER'S REPORT 2016 (CONT'D)

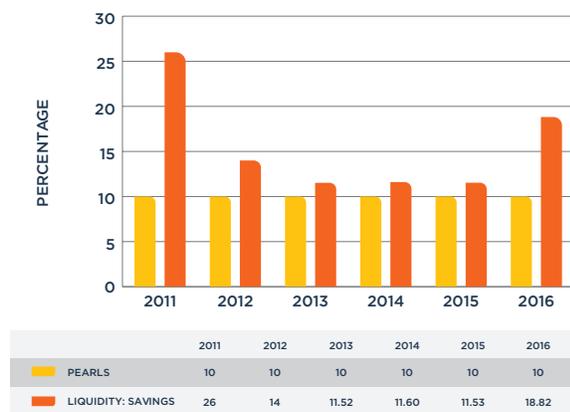
The Credit Union earned \$9.67M in income from trading during the 2016 financial year.

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.

TOTAL INVESTMENTS FOR 2012 TO 2016



LIQUIDITY AS A % OF SAVINGS 2011 - 2016



SAVINGS & DEPOSITS

The savings portfolio increased by \$385M (2015: \$314M) to \$7.1B (2015: \$6.58) from the normal course of savings.

Interest expense on deposits decreased by \$18M or 9.64% to \$171M (2015: \$189M).

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 \$21M.

Most importantly, our members continue to exhibit confidence in COK Sodality Credit Union, as is evident in the increase of \$385M in year-over-year savings.

See graph below:

COMPARISON BETWEEN SHARES AND SAVINGS DEPOSIT FOR 2012 - 2016

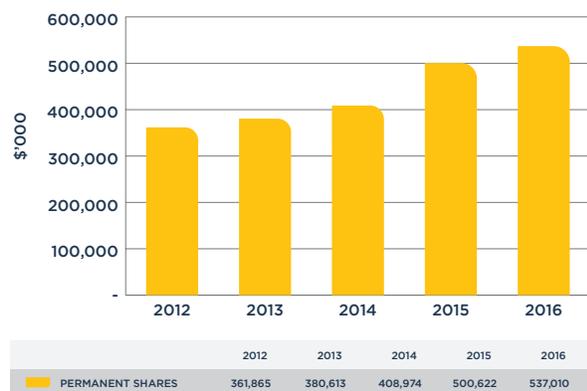


MEMBERSHIP-PERMANENT SHARES

The Credit Union's Adult and Children Are Really Enthusiastic Savers (**C.A.R.E.S**) new membership were 5,272 (2015: 5,853) and 2,336 (2015: 2,274) respectively in 2016. Permanent shares increased by \$36.38M (2015: \$92M) when compared to 2015. We now have over 81,436 (2015: 160,000) members being fully compliant out of a total active membership of 272,412 adult members. Several initiatives were implemented in 2016 to encourage our members to become permanent share compliant.

TREASURER'S REPORT 2016 (CONT'D)

PERMANENT SHARES FOR 2012 - 2016



THE WAY FORWARD

The strategic objectives for the 2017 financial year are to:

- Grow our loan portfolio by \$1.45 Billion.
- Increase savings to fund our loan growth.
- Reduce the delinquency ratio to 7.03%.
- Increase interest income by 43%.

INCOME GROWTH

The focus of COK Sodality Co-operative Credit Union in 2017 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.

The continued emphasis on the growth of the Micro portfolio will be on-going as an area of strategic focus for 2017. Already, several products for the Micro business sector have been developed in 2016, and as such there will be increased projected disbursements to this sector by approximately \$600M. The Credit Union will also seek to become more competitive on selective loan rates to drive volumes.

In addition, the Credit Union will be diligently

looking at other investment vehicles and low-risk structured financing opportunities to boost its investment income.

DELINQUENCY

COK Sodality will seek to achieve a target of 7% in our delinquency ratio for 2017. We recognize that there is still much work to be done in this regard. Notwithstanding the aforesaid, we are optimistic that we will be able to keep 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 as we seek to achieve 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 2017. 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 delivery which will eventually lead to volume growth.

In 2017, we will continue to enhance our core banking system as well as improve our website and our online banking facility by providing our members with several payment channels to deposit funds to their accounts. These initiatives, we believe,



TREASURER'S

REPORT 2016 (CONT'D)

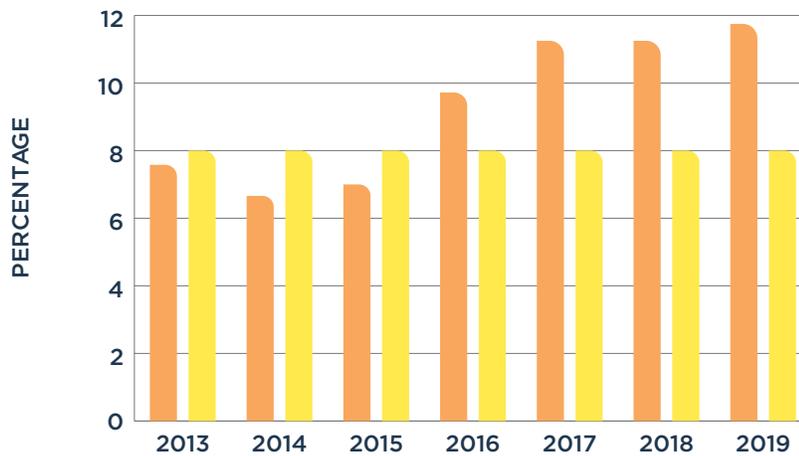
will improve our time to market our varied products, a faster turnaround time for loans, as well as give our membership an enhanced in-branch and out of branch service.

We continue to carefully monitor our resources in order to, ensure, where necessary, that COK Sodality will have the right fit to deliver on our objectives.

CAPITAL ADEQUACY

In 2017, the Credit Union will boost its capital adequacy ratio by increasing its permanent shares through membership growth and compliance and the planned contribution from surplus of approximately \$75.28M, to achieve the 2017 capital adequacy ratio of 11.25%.

CAPITAL ADEQUACY ANALYSIS



	2013	2014	2015	2016	2017	2018	2019
PEARLS	8	8	8	8	8	8	8
CAPITAL ADEQUACY	7.58	6.66	7	9.72	11.25	11.25	11.75

TREASURER'S REPORT 2016 (CONT'D)

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 surplus. The Credit Union remains committed to providing financial assistance to its members in a cost effective, sustainable and efficient manner. We are a safe repository for savings and investments and, despite the fragile and challenging economic environment in which we currently operate, we remain very positive in our ability to play an important part in fostering financial independence and creating wealth for our members. COK's 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 for years to come.

I wish to thank the management and staff of COK Sodality Co-operative Credit Union for remaining steadfast in their duties to the organization. It is never easy to operate in a dynamic and ever changing financial environment. Thanks also to the cadre of volunteers who unselfishly gave of their time and talent, and were very forthcoming with ideas and suggestions about improving the Credit Union.

Special thanks to the Department of Co-operatives and Friendly Societies and The Jamaica Co-operative 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, as Treasurer I am grateful to you, our valued members, for your continued support of COK Sodality Cooperative Credit Union and the opportunity to have served in this capacity.

Yours co-operatively,



Ewan Millen
Treasurer

PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY

To 31st December 2017.

In keeping with Rule 70, it is proposed that Maximum Liability to 31 December, 2017 be set at \$12B, being 12 times the 2016 total capital, inclusive of Deferred Share of \$500 million, projected at \$1B.

For and on behalf of the Board of Directors,



Ewan Millen
Treasurer

TREASURER'S

REPORT 2016 (CONT'D)

2017 BUDGET

REVENUE AND EXPENDITURE STATEMENT

		2016		2017	
BUDGET	ACTUAL	+ / (-)	%		BUDGET
\$'000	\$'000				\$'000
INTEREST INCOME					
953,653	909,611	(44,042)	(5)	Members' Loans	1,003,056
99,020	112,018	12,998	13	Investments and Deposits	102,371
1,052,673	1,021,629	(31,044)	(3)		1,105,426
FOR WHICH OUR INTEREST COST AND OTHER EXPENSES WERE					
157,465	139,586	17,879	11	INTEREST ON MEMBERS' DEPOSITS	157,465
33,517	28,361	5,156	15	INTEREST ON MEMBERS' SHARES (DEFERRED)	34,505
121,714	151,643	(29,929)	(25)	LOANS AND OTHER PROVISIONS	129,001
33,346	33,844	(498)	(1)	OTHER FINANCIAL COSTS	43,331
7,923	3,111	4,812	61	INTEREST ON EXTERNAL CREDIT	3,849
353,965	356,545	(2,580)	(1)		368,151
698,708	665,084	(33,624)	(5)	LEAVING A NET INTEREST OF	737,275
AND WE ADD NET EARNINGS FROM NON-INTEREST SOURCES					
8,000	0	(8,000)	(100)	REMITTANCE SERVICES	0
14,136	10,149	(3,987)	(28)	CAMBIO SERVICES	15,004
289,583	307,489	17,906	6	FEES AND OTHER INCOME	350,654
311,719	317,638	5,919	2		365,658
1,010,427	982,722	(27,705)	(3)	MAKING OUR GROSS MARGIN BEFORE OPERATING EXPENSES	1,092,553
976,572	926,289	50,283	5	FROM WHICH WE DEDUCT OUR OPERATING EXPENSES	1,017,271
33,855	56,433	22,578	67	LEAVING AN OPERATING INCOME/(LOSS)	75,282
(3,000)	(914)	2,086	(70)	ADD SHARE OF PROFIT OF ASSOCIATES	0
30,855	55,519	24,664	80	LEAVING A NET INCOME/LOSS	75,282
0	4,091	0	100	OTHER INCOME	0
30,855	59,610	24,664	80	TOTAL COMPREHENSIVE INCOME/LOSS	75,282

TREASURER'S

REPORT 2016 (CONT'D)

2017 BUDGET					
BALANCE SHEET STATEMENT					
2016				2017	
BUDGET	ACTUAL	Variance		BUDGET	
\$ '000	\$ '000	\$ '000	%	\$ '000	
OUR ASSETS					
6,723,494	5,862,336	(861,158)	-13%	LOANS TO US AS MEMBERS	7,202,999
1,351,161	2,090,599	739,438	55%	OUR INVESTMENTS IN OTHERS	1,694,063
74,595	124,642	50,047	67%	CASH IN HAND & AT BANK	35,620
363,445	278,048	(85,397)	-23%	OWING TO US BY OTHERS	269,527
241,106	199,809	(41,297)	-17%	FIXED ASSETS WE PURCHASED	230,129
8,753,801	8,555,434	(198,367)	-2%	MAKING OUR GRAND TOTAL ASSETS	9,432,337
% GROWTH PROJECTED					10%
SOURCES FROM WHICH OUR ASSETS ARE FINANCED					
2,364,482	2,516,942	152,460	6%	OUR SAVINGS IN SHARES	2,664,500
5,083,206	4,680,990	(402,216)	-8%	OUR SAVINGS IN DEPOSITS	5,284,187
7,447,688	7,197,932	(249,756)	-3%	MAKING OUR TOTAL SAVINGS	7,948,687
469,707	475,697	5,990	1%	INSTITUTIONAL CAPITAL	478,547
549,983	537,010	(12,973)	-2%	PERMANENT SHARES	623,079
500,000	500,000	0	0%	DEFERRED SHARES	500,000
6,566	10,506	3,940	60%	INVESTMENT REVALUATION RESERVE	6,566
35,945	30,034	(5,911)	100%	LOAN LOSS RESERVE	35,945
112,014	123,553	11,539	10%	PENSION RESERVE	112,014
(670,349)	(698,756)	(28,407)	4%	NON-INSTITUTIONAL CAPITAL	(614,466)
8,451,554	8,175,976	(275,578)	-3%	MAKING THE GRAND TOTAL WE OWN AS MEMBERS	9,090,372
302,247	379,458	77,211	26%	WE OWED OTHERS AT YEAR-END	341,965
8,753,801	8,555,434	(198,367)	-2%	AGREEING THE SOURCES OF FINANCING WITH OUR TOTAL ASSETS	9,432,337

TREASURER'S

REPORT 2016 (CONT'D)

PRUDENTIAL INDICATORS	PEARLS	2016	2015	2014	2013	2012
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	68.49	68.29	67.20	63.38	56.27
Liquid Assets / Total Assets	max 20	18.21	11.27	11.71	11.80	13.54
Financial Investments / Total Assets	max 10	4.37	12.6	13.12	15.78	18.82
Total Savings / Total Assets	70 - 80	84.14	88.14	87.58	88.75	87.53
Shares / Total Assets	10 - 20	29.42	29.15	29.12	30.38	30.20
Institutional Capital / Total Assets	min 8	5.56	7	6.66	7.58	7.23
ASSET QUALITY						
Delinquency (>1mth) / Gross Loan Portfolio	<= 5	7.83	9.57	9.10	10.42	10.51
Non-Earning Assets / Total Assets	<= 7	8.89	7.63	8.04	9.37	10.28
RATES OF RETURN AND COSTS						
Net Loan Income / Average Net Loan	mkt rate	14.5	32.63	13.54	14.67	15.02
Operating Expenses / Average Assets	<= 8	10.8	11.42	10.93	10.66	11.37
Net Margin / Average Assets	> 5	0.65	-0.19	-0.46	0.09	-1.83
Loan loss provision / Average Assets	cover loss	1.54	1.99	1.49	1.55	1.7
LIQUIDITY						
Liquidity reserves / Total savings deposits	10	18.82	11.53	11.63	11.52	14.14
Non earning liquid assets / Total Assets	< 1	1.43	1.11	1.55	1.57	1.16
SIGNS OF GROWTH (YTD)						
Loans (gross)		9.3%	7.0%	12.0%	12.0%	19.0%
Savings Deposits		3.5%	5.0%	2.0%	2.0%	2.9%
Shares		2.2%	4.0%	0.3%	1.0%	0.2%
Institutional Capital		2.6%	-	-	-	-
Membership	5%	3.0%	1.0%	2.3%	2.3%	2.5%
Total Assets	>= inflation	9.2%	4.0%	5.5%	0.2%	0.3%



CREATED 
BY YOU

COK SODALITY SENIOR MANAGERS



Ambassador Aloun Ndombet-Assamba - Chief Executive Officer



Andre Gooden

Chief Business Development
Officer



Linda Miller

Chief Operations Officer



Deryke Smith

Chief Financial Officer

COK SODALITY MANAGERS



Dianne Nicholas-Bolton

Credit Origination
Manager



Vevine Cameron

Credit Manager



Rexona Christie

Facilities &
Procurement Manager



Marsha Cole-Hart

Human Resource &
Learning Manager



Juliet Henry

Branch Operations
Manager



Claudine Scott

Member Experience &
Service Excellence
Manager



Emma Thomas

Sales & Marketing
Manager



Ilyn Thompson

Debt Management
Unit Manager



Anthony Morris

Internal Audit Manager



Roshene Betton

Legal Counsel

COK SODALITY BRANCH MANAGERS



**Tina Alicia
Livingston**

Cross Roads



Stanford Hastings

Mandeville



Roger Shippey

Montego Bay



Oral Sewell

Half Way Tree



Morris Livingston

Portmore

COK SODALITY TEAM MEMBERS

FACILITIES & PROCUREMENT



Front Row L-R

Sandra **Hibbert-Facey**,
Andrew **Kirkland**,
Domalie **Turner**,
Rexona **Christie** (Manager),
Lorina **Hastings**.

Back Row L-R

Ryan **Garvin**, Winston **Mckenzie**,
Otis **Jackson**, Errel **Crooks**.
Absent: Lloyd **Clarke**

FINANCIAL SERVICES & TREASURY



Front Row L-R

Angella **Brown**, Lamar **Virgo**,
Heather **Wong-Franklin**,
Patrice **Thomas-Hinds**,
Teasha **Fraser-Griffiths**

Back Row L-R

Terry-Melissa **Ballin**,
Deryke **Smith** (CFO),
Shernel **Simms**,
Sheryl **Williams-Gordon**.
Absent: Renee **Ratray**

ACCOUNTS



Front Row L-R

Patricia **Edwards**,
Najae **Sanchez**,
Khalifah **Campbell**,
Tamilka **Farquharson**

Back Row L-R

Tashara **Roberts**,
Renae **Hunter**,
Novardo **Williams**,
Deryke **Smith** (CFO),
Yasicha **Byroo**,
Marlet **Fender**

COK SODALITY TEAM MEMBERS (CONT'D)

CENTRALIZED CREDIT UNIT



Front Row L-R

Dianne **Bolton** (Credit Origination Manager), Donald **Tomlinson**, Phylisa **Thompson**, Ramonia **Brown-Britton**, Renee **Grant**, Antoinette **Lynch**

Back Row L-R

Vevine **Cameron** (Credit Manager), Clive **Thompson**, Famar **Edwards**, Antonette **Samuels**, Drizelle **McNamee**

Absent: Kevin **Dalbery**

CENTRALIZED SERVICES UNIT



Front Row L-R

Juliet **Henry** (Manager), Shenee **Hope**, Yashema **Berdoe**, Charlene **Campbell**, Rhaveen **Carey**

Back Row L-R

Natalee **Hall**, Desmond **Henry**, Juanique **Holmes**, Christopher **Low**

RECORDS



L-R

Christal **Nicely-Fisher**, Dwayne **Smith**, Roxanne **Lowther**.

Absent: Althea **White**, Lorraine **Broderick**, Angela **Walker**

COK SODALITY TEAM MEMBERS (CONT'D)

DEBT MANAGEMENT UNIT



Front Row L-R

Tracy-Ann **Gordon**, Melicia **Tait**,
Tanisha **Jarrett-Allen**
and Deidre **Daley**

Second Row L-R

Shayan **Hyatt**,
Julli-Ann **McEwan**,
Kayla **Dennis** and
Ilyn **Thompson** (Manager)

Back Row L-R

Deryke **Smith** (CFO),
Renaë **McDonald** and
Christopher **Dyer**

PENSION



L-R

Tarika **Kelly-Bailey**,
Andre **Gooden** (CBDO)
Jacqueline **Simpson**,
Donica **Bryan**

OPERATIONS



L-R

Paul-Ann **James**,
Juliet **Henry** (Manager),
Karlene **Brown**

COK SODALITY TEAM MEMBERS (CONT'D)

RISK & COMPLIANCE



L-R

Daniela **Dacres**, Sharna **Ramsay**,
Bryan **Dixon**, Linda **Miller** (COO)

STRATEGIC PLANNING



L-R

Andre **Gooden** (CBDO) and
Janet **Tate**

CAMBIO & REMITTANCE



L-R

Shayon **South**, Abigale **Scott**,
Andre **Gooden** (CBDO),
Nadine **Matthews**

COK SODALITY TEAM MEMBERS (CONT'D)

MEMBER EXPERIENCE



L-R

Claudine **Scott** (Manager),
Amoi **Patrick-Tucker**

SALES & MARKETING



L-R

Sam-Wayne **Wilson**,
Emma **Thomas** (Manager),
Shanice **Hamilton**,
Joan **Davidson**

MANAGEMENT INFORMATION SYSTEMS



L-R

Omar **Morgan**,
Natiesha **McDonald-Lawrence**,
Lovel **Evans**, Deryke **Smith**
(CFO), Claudette **Seballo-Myrie**,
Delano **Ross**,
Christopher **Stephenson**
Absent: John-James **Campbell**

COK SODALITY TEAM MEMBERS (CONT'D)

INTERNAL AUDIT



L-R

Anthony Morris (Manager),
Kadian McDonald-Kidd,
Richardo Jones

HUMAN RESOURCE & LEARNING



L-R

Akelia Douglas,
Tashoy Hayles-Talbert,
Khadene-Marie Fray,
Marsha Cole-Hart (Manager),
Barbara McKenzie,
Dawn Gardner-Rose

CEO'S OFFICE



L-R

Vivene Thompson and
Ambassador Aloun
Ndombet-Assamba (CEO)

COK SODALITY TEAM MEMBERS (CONT'D)

SECURITIES



Front Row L-R

Keneshia **Goulbourne**,
Alicia **Marriott**, Rasha **Heslop**,
Merril **Tomlinson**,
Tanysha **Rhoden**,
Shanae **Williams**

Back Row L-R

Junior **Pearce**, Horane **Plunkett**,
Thereece **Stewart**,
Winsome **Whyllie-Tai**,
Ornella **Rodney**, Andre' **Corrie**
Absent:
Shelly-Ann **Cargill-Brooks**,
Roshene **Betton** (Legal counsel)

CROSS ROADS BRANCH



Front Row L-R

Nicholas **Matthews**,
Travis **Patterson**,
Claudette **McPherson**,
Shenicka **Drysdale**,
Suis'Juila **Wilson**,
Tanasha **Campbell**,
Sobrina **Foster**, Jason **Leach**

Second Row L-R

Tina **Livingston** (Manager)
Mecadian **Lattibeaudierre**,
Rushell **Grant**, Lorraine **Reid**,
Kayon **Wilson-Reid**,
Jheanelle **Simpson**,
Sharika **Banks**, Annika **Willis**,
Nicole **Shim**

Third Row L-R

Renae **Burgess**, Everlette **Gordon**,
Dionne **Johnson-Roberts**,
Jodi-Ann **Hall**, Rosalie **Johnson**,
Sharlene **Menzie**, Adenike **Morris**,
David **Duval**

Back Row L-R

Shanna-Kay **Johnson**,
Santana **Clayton**, Anthoy **Fagan**,
Othneil **Bailey**, Waldston **Doyley**,
Moya **Lewis**

COK SODALITY TEAM MEMBERS (CONT'D)

HALF-WAY-TREE BRANCH



Front Row L-R

Chante **Henry**, Venese **Wright**,
Racquel **Williams**, Keron **Brown**,
Marie **Robinson**,
Kaydian **Malcolm**,
Charmaine **Changoo-Headley**,
Roger **Lim-Sang**

Second Row L-R

Rajae **Allen**, Jessica **Wellington**,
Peter **Downey**, Clifford **Brown**,
Ineeka **Brown**

Third Row L-R

Jamoy **Cooper**, Shelly-Ann **Wint**,
Alene **Donaldson**, Nadine **Chin**,
Leonie **Forbes**

Back Row L-R

Jena **Wilson**,
Oral **Sewell** (Manager),
Lidice **Black**, Casmarie
Sherwood, Troy **Powell**,
Andrew **Carter**

MANDEVILLE BRANCH



Front Row L-R

Jennifer **Thomas**,
Debbie **James**, Peta-Gay **Bryan**,
Nadine **Hutchinson**,
Lashauna **Mckenzie**,
Roan **McIntyre**

Middle Row L-R

Kimblee **Evans**, Amanda **Heron**,
Simone **Reid-Windeth**,
Marlan **Vickers**, Telsia **Thompson**,
Kaydene **Mitchell**

Back Row L-R

Dimitri **Richards**, Colin **Cotterell**,
Kerisha **Peart**,
Standford **Hastings** (Manager)

Absent: Feona **Bennett**, Denise
McInnis-Smallings, Allison **Gordon**

COK SODALITY TEAM MEMBERS (CONT'D)

MONTEGO BAY BRANCH



Front Row L-R

Shade **Allen**, Tress Ann **Shakes**,
Geraldine **Rosegreen**,
Alecia **Wynter**, Pamela **Maddan**,
Orpah **Dawkins-Bailey**,
Myranda **Haughton**

Middle Row L-R

Geraldine **Smith**,
Melodean **Cousley**,
Sancia **Bowers**,
Biance **Dawkins**, Simone **Case**,
Natasha **Brown**, Marlane **Clarke**

Back Row L-R

Beneve **Giffiths-Shaw**,
Julane **Daley**, Samora **Roper**,
Roger **Shippey** (Manager).
Absent: Khalfani **Kerr**, Renae **Ellis**

MICRO UNIT



Front Row L-R

Rusheda **Hall**, Lakiesha **Richards**,
Krystal **Johnson**,
Shelly-Ann **Stewart**,
Christina **McCarthy**, Andra **Doyle**,
Odette **Thomas**

Second Row L-R

Christopher **Thomas**,
Roan **McIntyre**, Veneicia **Ratray**,
Kerisha **Pearl**, Shellika **Duncan**,
Simone **Wint**, Claud **Sawyers**
(Manager), Trudy **Williams**

Third Row L-R

Sheldon **Gooden**,
Denise **McInnis-Smalling**,
Julane **Daley**, Andrew **Carter**,
Kamari **Brown**,
Khadrian **Smallwood**

Back Row L-R

Cavel **Adams-Herah**,
Curven **Whyte**,
Claudia **Grant-Morris**, Joel **Harris**,
Mario **Frank**

COK SODALITY TEAM MEMBERS (CONT'D)

PORTMORE BRANCH



Front Row L-R

Paula **Satchell**, Winsome **Irving**,
Rashae **Goldsmith**,
Renee **Johnson**, Krystal **Brown**,
Antoinette **Irving-Chambers**,
Kimberly **Swaby**

Second Row L-R

Venice **Griffiths**,
Jacqueline **Goolgar-Bailey**,
Camian **Williams**, Patricia **Jones**,
Shamari **Plunkett**, Clinton **Lewin**

Third Row L-R

Nicholas **Clarke**,
Morris **Livingston** (Manager),
Adenike **Morris**, Latoya **Linton**

Back Row L-R

Alex **McCarthy**, Joel **Harris**,
Sheena **Watson**.
Absent: Devine **Gayle**

COK SODALITY ACTIVITIES 2016

Eastwood Park New Testament Church Health Fair



1 Alene Donaldson, COK's Member Services Officer, engaging patron.

2 Dr. Peter Phillips, MP, poses with Peter Downey, COK's Member Relations Officer.

COK's 49th Anniversary Church Service held at Swallowfield Chapel



1 Members of COK Board and Management team, in the fore.

2 COK's former CEO, Jacqueline Mighty, along with team and family members.



3 Andre Gooden, COK's Chief Business Development Officer (right) makes a contribution to Pastor of the church.

4 COK's President, Steadman Pitterson, brings greetings.

Domino League



1 Morris Livingston, COK Portmore Branch Manager, presents sponsorship cheque to Gerrald Stephens, President of Portmore St. Catherine Domino League.

COK SODALITY ACTIVITIES 2016 (CONT'D)

COK's Health Fair



1 Representatives of the Diabetes Association of Jamaica tend to patrons.

2 Jhenealle Simpson, COK's Member Services Officer, engages patrons.

3 COK's President Steadman Pitterson visits an exhibitor's booth.

4 Medical Doctor from the JMDA attending to a family at the Health Fair.

5 COK's former CEO, Jacqueline Mighty, is joined by a representative from Crichton Auto and Senior Internal Audit Officer Richardo Jones & his family.

6 Former CEO, Mrs. Jacqueline Mighty, and a representative from the Diabetes Association of Jamaica, attending to a patron at the Fair.

Labour Day Project



1 Emma Thomas, COK's Sales & Marketing Manager and team members repaint section of Clan Carthy High School.

2 Morris Livingston, COK's Portmore Branch Manager (2nd from left), presents chairs to the Waterford Police for a refurbished office at the station.

3 COK team members, led by former CEO, Jacqueline Mighty (1ST R, front row), is joined by representatives from the Jamaica Constabulary Force and the Clan Carthy High School.

4 Former CEO Mrs. Jacqueline Mighty 2nd L along with staff member's and Board Director, Mr. Clive Medwynter, centre.

COK SODALITY ACTIVITIES 2016 (CONT'D)

Soup 'n' Soap Initiative in Cross Roads



1 COK's Director, Michael Martin (left), hands out COK packages to a community member.

2 Shanice Hamilton, Sales and Marketing Admin Assistant gives items of clothing to a community member.

3 Emma Thomas, COK's Sales & Marketing Manager gives items to a community member while Andre Gooden, CBDO (left - partially hidden) and Michael Martin, Director, (2nd left) look on.

4 Joan Davidson, COK's Assistant Manager, Sales and Marketing, shares a package with a community member.

Cross Roads Members' Meeting



1 Branch Managers, Tina Livingston & Morris Livingston, along with members, join former COK's CEO, Jacqueline Mighty in cutting COK's 49th Birthday Anniversary cake.

2 Ms. Paula Forrest of Development Bank of Jamaica, makes a presentation to members and staff.

3 COK's Director, Carol Anglin presents sponsorship cheque to Ms. Karelle McCormack of the Jamaica 4-H Clubs, while former CEO, Jacqueline Mighty, looks on.

4 Cross Roads Branch Manager, Tina Livingston, presents a gift to a member.

COK SODALITY ACTIVITIES 2016 (CONT'D)

Mandeville Visit



1 COK's CEO, Ambassador Aloun Ndombet-Assamba (left) greets Marlan Vickers, Sr. Branch Relief Officer (3rd left), while Stanford Hastings, Mandeville Branch Manager, and Emma Thomas, Sales & Marketing Manager, look on.

2 COK's CEO, Ambassador Aloun Ndombet-Assamba greets members.

3 COK's CEO, Ambassador Aloun Ndombet-Assamba meets with members of the Mandeville business community.

4 Mr. Stanford Hastings, COK Mandeville Branch Manager and CEO, Ambassador Aloun Ndombet-Assamba, welcomes Mr. Bert Jackson, representative from the Manchester Chamber of Commerce.

Montego Bay Visit



1 COK's CEO, Ambassador Aloun Ndombet-Assamba (3rd left) greets members, while Marlan Vickers, Sr. Branch Relief Officer(right), looks on.

2 COK's CEO, Ambassador Aloun Ndombet-Assamba poses with three members who enrolled on the day of her visit.

3 COK's CEO, Ambassador Aloun Ndombet-Assamba poses with a COK's C.A.R.E.S member.

4 COK's CEO, Ambassador Aloun Ndombet-Assamba presents a bag to a newly enrolled member.

COK SODALITY ACTIVITIES 2016 (CONT'D)

Top Performers for 2016



Front Row (Seated) L-R: Tina Livingston, Branch Manager Cross Rds, Branch of the Year, Melicia Tait, Employee of the Year, Geraldine Smith, MRO of the Year and Julane Daley, Micro Officer of the Year.

Back Row: COK's President Steadman Pitterson and CEO Ambassador Aloun Ndombet-Assamba, with L-R Sheena Watson, Employee of the Year Portmore Branch, Anthoy Fagan, Employee of the Year Cross Roads, Casmarie Sherwood, Employee of the Year Half Way Tree, Melodean Cousley, Employee of the Year Montego Bay and Debbie James, Employee of the Year Mandeville.

1



Cross Roads - Branch of the Year 2016, is joined by COK's CEO Ambassador Aloun Ndombet-Assamba and President Mr. Steadman Pitterson.

2



« POWERED
BY YOU

CREDIT COMMITTEE

AGM REPORT FOR 2016

INTRODUCTION

The Jamaican economy recorded its eighth consecutive quarter of economic growth during the September–December quarter of 2016. This growth was broad-based as it was experienced in all sub-sectors of the goods producing and services sectors, except in government services. It was however, mainly driven by hotels and restaurants, which is a proxy for the tourism sector.

The Business Processing Outsourcing (BPO) sector, which currently employs some 20,000 persons recorded strong growth, while the construction and installation sector also grew by 0.8 %. Activities in the manufacturing sector expanded marginally, while the electricity gas and water sectors recorded strong performances. The retail sector also grew marginally and remained as the country's largest economic sector, while bank lending to the private sector climbed by almost 12% after adjustment for inflation.

The government signed a precautionary stand-by agreement worth US\$1.64 billion with the International Monetary Fund (IMF) in November and successfully navigated the first review, which paves the way for the drawdown of US\$574 million if there are any unforeseen local and international events over which the country has no control. These include natural disasters, a global financial meltdown and an outbreak of war.

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 CENTRALIZED CREDIT UNIT

COK Sodality Co-operative Credit Union made significant achievements.

The Credit Union achieved 92% of its year to date disbursement target. Most of this was achieved towards the latter part of the year, even with the promotions commencing from early in the year.

As the year closes, the unit is mindful of its achievements, while also being cognizant of other objectives to be attained. The achievements include:

1. Achievement of 92% of loan disbursement target.
2. Training of credit staff.
3. Implementation of a backup team of Credit Officers to process loans in high volume situations.
4. Implemented changes to the credit process to improve efficiency.
5. Enhanced a number of loan products to improve market appeal.

Other areas for continuous improvement within the unit include the monitoring of loans after disbursements and also service efficiency to our members.

The unit still continues to grapple with the turnaround time for loans as, while there have been improvements in certain aspects of the loan value chain, the standard for processing loans is still not being met on a consistent basis. It is important that we achieve greater efficiencies as it relates to loan processing to support the message in the promotions and generally to improve our competitiveness with granting loans. This will therefore continue to be an area of focus for the unit in 2017.

CREDIT COMMITTEE

AGM REPORT 2016 (CONT'D)



Front Row (L-R): Catherine Gregory **Chairman**, Rohan Townsend, Irwin Gregory, Donna Pommels.

Back Row (L-R): Sharon Usim, Errol Beckford, Ralston Hyman, Patrick Galbraith, Jacqueline Lloyd-Carter.

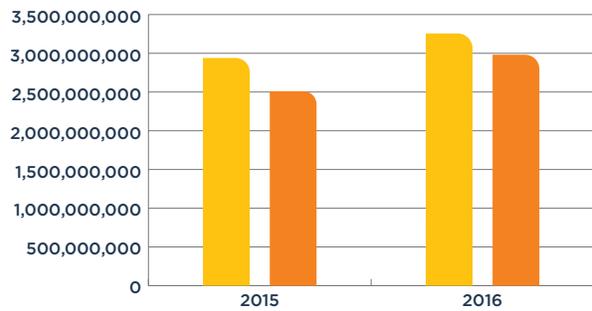
PERFORMANCE HIGHLIGHTS

Disbursements for year ended December 31, 2016

Product	YTD Actual as at December	Product	YTD Actual as
	\$		\$
COK PRE-APPROVED LOAN	1,063,645	MICRO LOANS	577,090,362
SCHOLAR	3,452,850	LOANS WITHIN DEPOSITS	310,084,067
RATIO LOANS	2,724,700	COK PENSIONER PLUS	2,737,797
COK DEBT CON LOAN	5,822,702	LOANS WITHIN SHARES	471,839,564
COK PENSIONER LOANS	1,046,232	MOTOR VEHICLE	586,499,881
COK BIZ	19,500,000	MORTGAGE	54,445,459
COK DEBT CON PLUS	85,632,877	SCHOLAR PLUS	66,923,352
SPECIAL EDUCATION	29,390,752	HOME EQUITY LOANS	210,997,872
PAY DAY LOAN	68,693,936	FAST	316,202,886

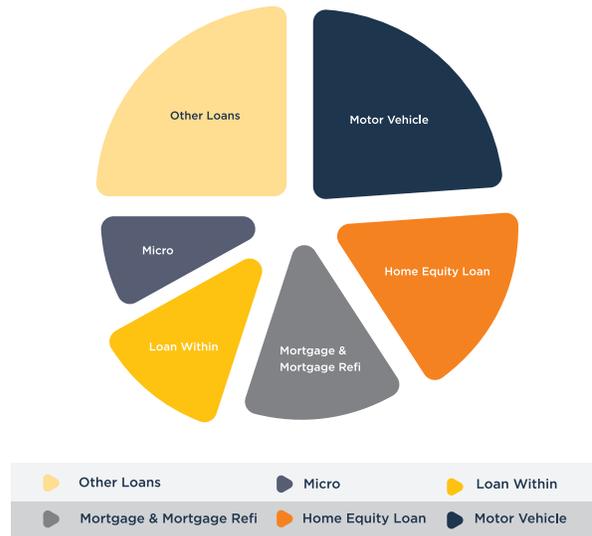
Product	YTD Actual as at December	Product	YTD Actual as
STAFF LOANS	68,092,171	NIF/SME	10,000,000
COK PRO PLUS	1,195,500	HOME EQUITY PLUS LOANS	87,287,277
GRAND TOTAL		\$ 2,980,723,882	

BUDGET VS ACTUAL 2015 & 2016



	2015	2016
Budget	2,938,648,000	3,255,229,000
Actual	2,509,044,509	2,980,726,881

TOTAL LOAN PORTFOLIO AS AT DECEMBER 2016



CREDIT COMMITTEE

AGM REPORT 2016 (CONT'D)

Total loans as at year ending December 31, 2016, was \$6.06B with the following products jointly accounting for approximately 70% of the portfolio

Motor Vehicle	23.6%
Home Equity	16.9%
Mortgage & Mortgage Refinancing	13.7%
Loan Within	11.8%
Micro Loan	8.3%

OBJECTIVES OF THE CREDIT DEPARTMENT FOR 2017

The focus for 2017 for the Department is continued improvement in the processing and monitoring of loans to increase member loyalty and satisfaction and to improve competitiveness in the market place. This will involve a combination of activities to include:

- Further training of team members.
- Identification and deployment of additional resources to support the unit in high volume situations.
- Further refinement of the loan process.
- MIS related activities to include enhancements of reports.
- Activities that will foster tighter collaboration across all departments within the loan value chain.
- Automated solution to improve the monitoring of loans.

RECOMMENDATIONS

1. Economic growth is projected at 2.1% in 2017/18 and COK will therefore have to focus on the following areas of opportunities while surgically cutting cost by using better technology:
 - Education loans
 - Micro Business loans
 - Retirement planning
 - Partner plans
 - The loan programme for seniors
 - Family Indemnity Plan
 - Home equity loans
 - Debt consolidation loans
 - Dormant Account reactivation
 - Lowering of fees
 - Financial inclusion
2. As at the end of December 2016, there were 341,200 senior citizens in the country. This represented some 12.6 % of the population and they are expected to live to between 80 and 85. Pension benefits are likely to be increased as the government places greater emphasis on social security as part of the current three-year precautionary stand by agreement with the International Monetary Fund (IMF). This is an opportunity for COK to look at expanding its offerings via the Pensioners Loan to this niche market.

CREDIT COMMITTEE

AGM REPORT 2016 (CONT'D)

ACKNOWLEDGEMENTS

The Credit Committee would like to acknowledge the assistance of the management and staff as we exercised oversight responsibility for loans approved by the Credit Union for the year 2016. 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.

Names of Committee members

The serving members were:

MESDAMES:

Catherine Gregory

Jacqueline Lloyd-Carter

Donna Pommells

Sharon Usim

Chairman

Secretary

MESSRS:

Errol Beckford

Patrick Galbraith

Irwin Gregory

Ralston Hyman

Rohan Townsend

Yours Co-operatively,



Catherine Gregory
Chairman



SUPERVISORY COMMITTEE REPORT TO THE 50TH ANNUAL GENERAL MEETING

INTRODUCTION

The Supervisory Committee, as defined by the Co-operative Societies Act 1950, is a committee elected by the members of the Credit Union at the Annual General Meeting for the purpose of Audit and Supervision of the COK Sodality Co-operative Credit Union. The Internal Audit Department operates by a mandate that allows for the examination of the affairs of the Credit Union and is the support arm of the Supervisory Committee. In executing its responsibilities, the Supervisory Committee has conducted investigations into member complaints and activities to strengthen the governance processes of the Credit Union. Also, acting as the watchdogs of the credit union, the Supervisory Committee works assiduously to ensure that the operations of the organization are aligned with its Mission and Vision.

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



Front Row (L-R): Carol Williams **Chairman**, Herma Walker, Arnold Breakenridge, Charmaine Newsome.

Back Row (L-R): William Graham, Jacqueline Daley, Phillippa Edwards, Enoch Allen. Missing: Alston Reid

The committee members who were duly elected at the 49th Annual General Meeting held on June 1, 2016 served in the following capacities:

MESDAMES:

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

MESSRS.:

Alston Reid	Member
Arnold Breakenridge	Member
William Graham	Member
Enoch Allen	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.

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 year in review appears below for the general membership at this Annual General Meeting.

AREAS OF FOCUS - 2016

In the year under review, the operations of the Credit Union were overseen by the Supervisory Committee and recommendations for improvement made in the following areas:-

- Review of External Investments
- Review of Front-Line End of Day Activities
- Database Review
- Golden Harvest
- Proceeds of Crime Act (**POCA**)/ Anti Money Laundering (**AML**) Review

SUPERVISORY COMMITTEE REPORT

TO THE 50TH ANNUAL GENERAL MEETING (CONT'D)

- Fixed Assets Review
- Collateral Manager Review
- Loan Loss Provisioning
- Branch Audit
- Implementation Status of Audit Recommendations (**ISOAR**)

ACHIEVEMENTS

Members of the Supervisory Committee attended regular monthly meetings of the Board of Directors, Finance and Policy, Joint Credit Committee, Debt Management and Audit, Risk & Compliance. At these meetings we joined with other volunteers in deliberating and making critical decisions to promote members' interests.

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

The Supervisory Committee members welcomed such involvement as this resulted in our making a significant contribution to the growth and development of the credit union.

ATTENDANCE AT SUPERVISORY COMMITTEE MEETINGS

The Supervisory Committee had twenty-four (24) meetings for the year (June 2016 to May 2017), which were generally well attended. Acceptable explanations were provided in instances where persons were unable to attend meetings.

SUGGESTION BOX/MEMBER FEEDBACK

We would like to highlight the efforts of some members in giving positive feedback regarding the Credit Union's customer service delivery. Our monthly reviews have noted the increased number of persons utilizing the Suggestion Box, and we believe that members are increasingly using this vehicle to provide comments, response and opinion to the credit union. We are very happy with the

increased usage, and encourage members to continue to take full advantage of this facility that is available throughout the branch network.

ACKNOWLEDGEMENTS

The Supervisory Committee wishes 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 continued supportive work of the Internal Audit staff during the year under review and for their unwavering support to this committee.

CONCLUSION

The members of the Supervisory Committee are proud to be celebrating yet another year during which COK Sodality has performed creditably despite treacherous financial pathways.

To our valued members, we say a hearty 'Thank You' for affording us the opportunity to serve you over the past year. It was both a privilege and an honour to have been of service to you.

As Chairman I say thanks to the members of this committee for placing service above self and voice my appreciation to all the committee members for their sterling commitment and dedication.

Let us all continue, unswerving in our commitment to work together as a team, eyes focused on

COK Sodality's 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.'

May God Bless us All!
Yours co-operatively,



Carol Williams
Chairman

NOMINATING COMMITTEE REPORT TO THE 50TH ANNUAL GENERAL MEETING

The members of the Nominating Committee were:

- Mr Clive Medwyner **Director and Chairman**
- Mr. Garth O’Sullivan **Member**
- Most Reverend Burchell A. McPherson, D.D. **Member**
- Ambassador Aloun Ndombet-Assamba **CEO and Ex Officio**
- Mrs Tina Livingston **Staff Liaison**
- Miss Antoinette Lynch **(Staff Liaison Admin Support)**



Sitting (L-R): Clive Medwynter **Chairman**, Garth O’sullivan.

Standing (L-R): Ambassador Aloun Ndombet Assamba, Antoinette Lynch, Tina Livingston, Most Reverend Burchell A. McPherson, D.D.

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 X111 Rule 65(a).

“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 is being held.”

The selection criteria included:

- Loans of the members 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 V111 Rule 33(i)

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

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Steadman Pitterson	Mr. Steadman Pitterson Management Consultant, P.O. Box 449, Kingston 19	2 Years

NOMINATING COMMITTEE

REPORT 2016 (CONT'D)

RETIRING	RECOMMENDED	TERM IN OFFICE
Mrs. Marjorie Shaw	Mrs. Marjorie Shaw, Attorney-at-Law Brown & Shaw 12 Herb McKenley Drive Kingston 6	2 Years
Ms. Carol Anglin	Ms. Carol Anglin Management Consultant Ebony Business Printers 25 Eastwood Park Road Kingston 10	2 Years
Mr. Trevor Blake	Mr. Ewan Shaw Lecturer University of Technology 237 Old Hope Road Kingston 6	2 Years
Mrs Debbie-Ann Gordon Crawford	Mrs. Debbie-Ann Gordon-Crawford Attorney-at-Law Debbie-Ann Gordon & Associates 79 Harbour Street Kingston	2 Years
**Rev. Michael Lewis	Mrs. Jacqueline Lynch-Stewart Attorney-at-Law / Manager 12F Dunreath Mews Kingston 10	1 Year (to complete the unexpired term of Rev. Lewis)
Mr. Ewan Millen	Mr. Maurice Lewin Dir. Human Resource Management & Development Bureau of Standards, Jamaica 6 Winchester Road, Kingston 10	2 Years

One vacancy was created due to the following resignation:

****Rev. Michael Lewis**

CREDIT COMMITTEE

Article 1X 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 or over. Each member shall hold office until his successor is elected and shall be eligible for re-election.

No member of the Credit Committee shall be allowed to serve more than three (3) consecutive terms, however such member will be eligible to serve once he sits out serving on any Committee for a period between Annual General Meetings or one (1) year whichever is earlier.

RETIRING	RECOMMENDED	TERM IN OFFICE
Mrs. Catherine Gregory	Mr. Andral Shirley Corporate Professional 69 Shortwood Road Kingston 8	2 Years
Mr. Ralston Hyman	Mr. Vivian Daley Consulting Firm Worldmar Financial	2 Years
Mr. Rohan Townsend	Mr. Rohan Townsend Chartered Accountant 7 Favorita Avenue Kingston 20	2 Years
Mr. I. Errol Gregory	Dr. Annette Sykes Consultant Anaesthetist University Hospital of the West Indies Mona	2 Years

NOMINATING COMMITTEE

REPORT 2016 (CONT'D)

RETIRING	RECOMMENDED	TERM IN OFFICE
Mr. Patrick Galbraith	Mr. Patrick Galbraith Director of Taxation & Administration DGS Chartered Accountants & Advisors 6 Leinster Road Kingston 5	2 Years
Ms. Sharon Usim	Ms. Sharon Usim Attorney-at-Law Usim, Williams & Co. 5 Duke Street Kingston	1 Year
Mrs Jacqueline Lloyd-Carter	Mrs. Jacqueline Lloyd-Carter Financial Advisor LAWE Insurance Brokers Ltd., Suite 57 Winchester Business Centre, Kingston 10	2 Years

SUPERVISORY COMMITTEE

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

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

“No member of the Supervisory Committee shall be allowed to serve more than three (3) consecutive terms, however such member will be eligible to serve once he sits out serving on any Committee for a period between Annual General Meeting or one (1) year whichever is earlier.”

RETIRING	RECOMMENDED	TERM IN OFFICE
Ms. Herma Walker	Mr. Shridath Brown Lot 152 Charlemont Housing Scheme Linstead P.O. St. Catherine	1 Year
Mrs. Jacqueline Daley	Ms. Maureen Dwyer Chief Executive Officer 2 National Heroes Circle Kingston 4	1 Year
Mr. Arnold Breakenridge	Mr. James Wood 15 Norbrook Acres Road Kingston 8	1 Year
Corporal William Graham	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. Enoch Allen	Mr. Enoch Allen Seabed Authority 14-20 Port Royal Street Kingston	1 Year
Ms. Phillipa Edwards	Mr. Kenneil Blake 25 Holland Avenue Patrick City Kingston 20	1 Year
Ms. Carol Williams	retiring member of the Supervisory Committee	
Mr. Alston Reid	retiring member of the Supervisory Committee	

NOMINATING COMMITTEE

REPORT 2016 (CONT'D)

JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE

RETIRING	RECOMMENDED	TERM IN OFFICE
Delegates		
Mrs. Jacqueline Mighty	Ambassador Aloun Ndombet-Assamba	1 Year
Mr. Steadman Pitterson	Mr. Steadman Pitterson	1 Year
Alternate Delegates		
Mr. Orville Christie	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	Ambassador Aloun Ndombet-Assamba	1 Year

JAMAICA CO-OPERATIVE INSURANCE AGENCY LTD.

RETIRING	RECOMMENDED	TERM IN OFFICE
Ms. Carol Anglin	Ms. Carol Anglin	1 Year
Mrs. Jacqueline Mighty	Ambassador Aloun Ndombet-Assamba	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.

Yours co-operatively,



Clive Medwynter (Mr.)

For and on behalf of the Nominating Committee

DELEGATES' REPORT OF THE 75TH CONVENTION AND ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE

The Jamaica Co-operative Credit Union League's (JCCUL) 75th Convention and Annual General Meeting was held from May 26-29, 2016 at the Hilton Rose Hall Resort & Spa in Montego Bay. It was held under the theme Credit Unions: People Helping People." Approximately one hundred and fifty (150) delegates and observers attended the week-end convention. The schedule of activities included a trade show.

THURSDAY, MAY 26, 2016

The following activities took place:

- The Credit Union Managers' Association's annual general meeting.
- Mr. Errol Gallimore, Registrar of the Department of Co-operatives & Friendly Societies made a presentation on the theme "The Future of the Credit Union Movement: The Impact of the Changing Legislative Landscape" to a packed audience in the Hanover Room, while moderator Mrs. Yvonne Ridguard Harris, Past President of JCCUL ably guided the discussion that ensued.
- The Conference was officially opened on Thursday afternoon with the Honourable Donna Parchment Brown, Ombudsman as the keynote speaker.

FRIDAY MAY 27, 2016

Friday's activities got off to a good start with "Rise & Shine" aerobics on the West Lawn of the hotel. This was followed by the plenary session that was attended by all delegates and observers. Director Winston Fletcher, Chairman of the Credit Union Development Task Force updated participants on the topic: "The Road Ahead: Credit Union Sustainability".

A total of six (6) workshops were held on Friday and they were as follows:

- Employee Engagement and Resource Constraints: Can you keep the Motivation and Commitment in the workplace in times of crisis? by Dr. Noel Cowell.
- Leadership: The Buck stops with me, by Mr. Herman Alvaranga.
- Towards a Green Economy - Can the Jamaican Economy thrive in a Changing Climate? by Ms. Heather Pinnock.
- Cybercrimes: Identification, prevention and mitigation, by Dr. Monipha Hewling.
- How Well does your Credit Union Brand work for You, by Mr. Tom Hewlett.
- Intellectual Property: An Asset for the 21st Century, by Mr. Marcus Goffe.

The annual awards dinner ended the day. Guest speaker at this event was Ambassador Aloun Ndombet-Assamba, former Jamaican High Commissioner to the United Kingdom and former General Manager of COK Sodality.

A number of awards were presented to various Credit Unions. COK Sodality Credit Union received the following awards:

- **Golden Harvest** - Highest production, number of new accounts, in the class of Credit Unions with membership over 30,000
- **Family Indemnity Plan** - Highest production, number of new accounts, in the class of Credit Unions with membership over 30,000

At the close of the banquet President Derrick Tulloch announced that the annual general meeting scheduled for the following day would not be held. Delegates had an opportunity to discuss with the League's Board, the ramifications of the postponed meeting on Saturday morning.

DELEGATES' REPORT OF

THE 75TH CONVENTION AND ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE (CONT'D)

RESCHEDULED ANNUAL GENERAL MEETING - SATURDAY, AUGUST 20, 2016

The 75th Annual General Meeting was held on August 20, 2016, due to a rescheduling of the May 28, 2016 AGM. Twenty-two (22) Credit Unions with 19 delegates and 14 alternate delegates registered for this meeting.

President Derrick Tulloch gave an overview of the financial sector and its challenges while noting that the Movement improved its savings, loans and assets when compared to the previous year 2014. However he said in spite of these improvements, the Movement's share of the personal loans and savings market declined.

ELECTION OF OFFICERS

The Meeting voted to accept the nominations of the following persons who were duly elected to serve on the Board of JCCUL.

- Mrs. Andrea Messam
- Mr. Martin Blackwood
- Rev. Dr. Paul Gardner
- Mr. Patrick Smith
- Col. Radgh Mason

For the Supervisory Committee the following persons were nominated and duly elected:

- Mr. Paul Nathan
- Mr. Robert Ramsay
- Mr. Sefton Cummings
- Mrs. Tamara Baugh-Brissett
- Mr. Michael Sutherland

RESOLUTIONS

A number of Condolence and Congratulation Resolutions were passed. In particular:-

- Mr. Glenworth Francis - for receiving the Order of Distinction from the Jamaican Government for service to the Jamaica Co-operative Credit Union Movement.
- Mrs. Yvonne Ridguard Harris for receiving a

Badge of honour for Meritorious Service from the Government of Jamaica, for service to the Jamaica Co-operative Credit Union Movement and for Community Service.

RULE AMENDMENTS

The following Rules were changed:

- Rule 17 (5), 25(1),(2) and 26 (1)
- Rule 37 (1) (e)
- Rule 37(4)

The AGM voted to accept all the changes.

Following the AGM the executive was elected to serve on the League Board for the 2016-2017 year:

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

ANNUAL CREDIT UNION BOARD CONSULTATION

The Annual Credit Union Board Consultation was held on November 26, 2016 at the Jamaica Conference Centre, Kingston. The purpose of the meeting was to:

1. Discuss and decide on the future of the Stabilization Fund.

Discussions were centred on how the dues paid by Credit Unions should be allocated

DELEGATES' REPORT OF

THE 75TH CONVENTION AND ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE (CONT'D)

once Credit Unions are regulated by the Bank of Jamaica. Several recommendations were put forward by the Committee tasked with this responsibility. The main recommendations were:

- Enact legislative changes essential to enable the Movement to compete. This included the acceptance of companies as members and the offering of joint and foreign exchange accounts.
 - Development of a single IT platform was critical.
 - Strategically pursue mergers as this was seen as critical for the Movement's growth and sustainability.
 - Engage a Consultant to look at the sharing of back office activities.
2. Discuss and if thought fit, pass the amendment to Rule 5 (1) of the Jamaica

Co-operative Credit Union Ltd. This Rule deals with the Application for Membership in the League.

Presentations were also made on:-

- The status of the Bank of Jamaica Regulations of Credit Union.
- Cybercrime and Cyber Security

The COK delegates and alternate delegates in attendance at the AGM were Mr. Steadman Pitterson, Ms. Carol Anglin and Mr. Orville Christie, supported by the new Chief Executive Officer, Ambassador Aloun Ndombet-Assamba.

Yours co-operatively,



Steadman Pitterson
Delegate

DELEGATES' REPORT OF

THE ANNUAL GENERAL MEETING OF THE JAMAICA FISHERMEN CO-OPERATIVE UNION LIMITED

DELEGATES' REPORTS TO THE ANNUAL GENERAL MEETING OF THE JAMAICA FISHERMEN'S CO-OPERATIVE UNION LTD., HELD AT THE KNUTSFORD COURT HOTEL, APRIL 25, 2017

The Annual General Meeting of the Fishermen's Co-operative was held on April 25, 2017 at the Knutsford Court Hotel, in Kingston. COK Sodality was represented by delegates Mr. Michael Burke, Mr. Neville Rhone and CEO, Ambassador Aloun Ndombet-Assamba.

The meeting was addressed by Minister of Industry, Commerce, Agriculture and Fisheries the Hon. Karl Samuda after a request for the Standing Orders to be suspended to allow him to speak early as he was going to Parliament.

In his presentation, the Minister noted that the Co-operative Movement now falls within a wider Ministry, and that this allows for focus on the operations as well as the commercial aspects of Co-operatives. He pointed out that the Co-operative Movement forms an important part of the fabric of the Jamaican economy as over 200,000 Jamaicans are active members. He however lamented the fact that unlike our Caribbean brothers, Jamaica has not been able to rise to the level of being a net exporter of fish. This, he said, needs to change. The Minister emphasized the need to ensure that hatching grounds and fish sanctuaries are protected to ensure a continuous supply of fish in the future.

Minister Samuda also announced that the Fisheries Bill will be brought to the House of Parliament in short order as it has been over 20 years in the making. He said that the GCT on agricultural inputs will be removed as soon as the Minister of Finance is able to deal with it.

After his presentation which was well received, the Minister left.

The Board of Directors report for the period July 2015 - June 2016 was presented. It highlighted the following:

- The Co-operative was hampered by the continuous devaluation of the Jamaican Dollar as it is heavily dependent on foreign exchange.
- Despite the challenges, the operation managed to show a positive performance with an undistributed surplus of \$1.7M.
- The Retirement Pension Plan suffered a loss of \$2.4M during the year, and this reduced the surplus.
- Sales increased from \$145M to \$161M or 11% over the period. This, however, failed to produce an increase in Net Surplus.
- There are seven registered primary Societies. However most of them have not been operating at the required standards, so the Co-operative had to provide them with various levels of intervention to keep them current.
- The Co-operative benefitted from two workshop projects provided by CANARI and the DBJ to educate and train members and staff in Management, Leadership, Governance, Networking, Financial Management, Strategic Planning and Training the Trainers.
- Instructional Fishermen Days activities held on June 29, 2016 was well supported by Fisher-folk all across the island under the theme "Securing Sustainable Fisheries to ensure Food Security and Poverty Alleviation.
- The Co-operative continues to represent the Stakeholders in the Oil Survey process. A number of sensitization meetings have been

DELEGATES' REPORT OF

THE ANNUAL GENERAL MEETING OF THE JAMAICA FISHERMEN CO-OPERATIVE UNION LIMITED (CONT'D)

facilitated by the JFCU. A number of claims have been submitted for damage to fish pots and loss of use on behalf of members.

- With respect to the dredging in Kingston Harbour the Co-operative has been working with the Kingston Freeport Terminal Ltd. to protect the rights and livelihood of the Fisher-folks in the Harbour.

Four Delegates were elected to represent the Co-operative at N.U.C.S:-

Shawn Taylor	Treasurer Beach Fisher-folk Co-operative
Michael Burke	COK Sodality Co-operative Credit Union
The Manager	Jamaica Fishermen Co-operative Union Ltd.
Anthony Drysdale	Jamaica Fishermen Co-operative Union Ltd.

The following persons were elected to the Board:-

Havelan Honeyghan	Gillings Gully Fishermen Co-operative Union
-------------------	--

Junior McDonald	Old Harbour Bay Fishermen Co-operative Union
-----------------	---

Ian Edwards	N. E. Island Fishermen Co-operative Union
-------------	--

The following persons were elected to the Supervisory Committee:-

Crystal Cammock	Half Moon Bay Fishermen Co-operative Union
-----------------	---

Jason Bramwell	Rocky Point Fishermen Co-operative Union
----------------	---

Reneord Smalling	Correctional Services Co-operative Union
------------------	---

On behalf of the Delegates

Yours co-operatively,



Ambassador Aloun Ndombet-Assamba
Delegate

REPORT OF THE EDUCATION COMMITTEE

The Education Committee, a sub-committee of the Board, has responsibility for, among other things:

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

Members of the Committee for 2016 were:-

- Mr. Michael Martin - Chairman
- Mrs. Norma Chambers
- Mrs. Marcia Detry Fogah
- Mr. Basil Lue
- Mrs. Enid Bonfield
- Mrs. Marsha Cole-Hart
- Mrs. Emma Thomas
- Mrs. Claudine Scott
- Mr. Peter Downey
- Mrs. Dawn Gardner-Rose
- Mrs. Barbara McKenzie

The Committee convened four (4) meetings during 2016 at which it reviewed the Education Policy and discussed fundraising activities to support the award of scholarships.

The Committee awarded several scholarships and grants totaling \$690,000.00 during the year.

THE BERTIE MORRIS SCHOLARSHIP

This scholarship is open to children of employees with a minimum of two (2) years' permanent employment with COK. A total of seventeen (17) scholarships were offered in 2016 under two (2) categories as follows:-

Category 1: Awarded to nine (9) students between 6 - 11 years old; tenable at primary or private

preparatory schools; students should maintain averages of 80%.

Category 2: Six (6) awarded to children between 11-18 years old and tenable at a secondary or high school; and two (2) sponsored by COK - making a total of eight (8). These students should maintain averages of 81-90%

THE CARTER CARTER SCHOLARSHIP

This Scholarship is open to children of COK Sodality members who are attending or entering secondary school. Students should maintain a B+ average of at least 80%; be involved in extra-curricular activities and be in need of financial assistance. This scholarship is for a period of five (5) years provided the qualifying requirements are met.

Seven (7) existing students under this programme benefited from a second and third year of funding for 2016; while three new applicants were awarded for 2016.

THE TREVOR BLAKE SCHOLARSHIP

This scholarship is open to the general membership for students between 18 - 35 years of age who have been accepted to pursue/or are pursuing a degree in one of the following disciplines:- Management Studies, Banking, Finance or Accounting at a local university.

The scholarship for 2016 is for a period of two (2) years. One returning student benefited from the funding in 2016.

THE PAUL CHEVANNES SCHOLARSHIP

This scholarship is open to the general membership for students between the ages of 18 - 35 years of age and who are 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

REPORT OF THE EDUCATION COMMITTEE (CONT'D)

candidate must be a member of COK Sodality for at least (2) years; or a child whose parent is a member for two (2) years and has satisfactorily completed two years in a First Degree Programme; while maintaining at least a B average.

One existing student benefited from this funding in 2016.

MARGARET RODGERS FOUNDATION

This grant is awarded to the child of a COK Sodality member who has maintained a B+ average; is involved in extracurricular activities and is in need of financial assistance. One existing student under this programme benefited from the funding in 2016.

In keeping with its mandate, the Education Committee continues to address and support COK Sodality's education demands. It also seeks to

encourage scholarship awardees to continue to strive for academic excellence.

We would like to thank the members of this Committee for their commitment. We invite COK members to continue to support our Credit Union as it is with your support that we are able to provide these scholarships and grants to improve the well-being of our members.

On behalf of the Education Committee.

Yours co-operatively,



Michael Martin
Chairman

RESOLUTION TO AMEND RULES

ANNUAL GENERAL MEETING

PREAMBLE

WHEREAS the Registrar of Cooperatives and Friendly Societies has issued directives requiring all Credit Unions to implement rules pertaining to the role, functions and responsibilities of the Nominating Committee and the Nominating Process for election by the members to serve as Directors or Committee Members.

AND WHEREAS the Board of Directors has duly considered the directives of the Registrar of Cooperatives and Friendly Societies;

AND WHEREAS in compliance with the directives of the Registrar of Cooperatives and Friendly Societies, the Board of Directors is recommending the adoption of more extensive functions for the Nominating Committee, the implementation of a new machinery for the nomination and election of volunteers to serve on the Board and Committees;

AND WHEREAS Section 11 (1) of the Co-operatives Societies Act Cap 75 stipulates that the Registered Society may amend its rules.

BE IT RESOLVED THAT the Annual General Meeting held May 10, 2017 approves the amendment of Rule 65 of the COK Sodality Co-operative Credit Union Limited by substituting for the existing Rule 65 the following new Rule 65 as outlined hereinafter:-

ARTICLE XIII

NOMINATING COMMITTEE, NOMINATION PROCESS AND ELECTIONS

65. i. Nominating Committee

A Nominating Committee shall be appointed by the Board of Directors and shall consist of at least three (3) members one of whom will be a Board Member who shall be the Chairman of the Committee.

ii. Nomination Process

a. Not less than one hundred and twenty days (120) days prior to the Annual General Meeting (AGM) the Nominating Committee shall meet to consider the following:

- i) The vacancies that will arise at the AGM on the Board of Directors, the Credit Committee and the Supervisory Committee;
- ii) A preliminary list of nominations to be made to fill such vacancies;
- iii) All other matters and procedures regard to fill such vacancies.

b. Not less than ninety (90) days prior to the AGM the Nominating Committee shall in writing:

- i) notify the membership of the vacancies for the Board of Directors Credit and Supervisory Committees;
- ii) invite nominations from the membership to be made for each vacancy by petition in the prescribed form signed by at least five (5) members each of whom shall be a member in good standing with the Society;
- iii) notify the membership of the closing date for receiving nominations by petition.

c. In all cases, the period for receiving nominations by petition shall extend at least forty (40) days from the date of written notification by the Nominating Committee.

d. The written notice from the Nominating

RESOLUTION TO AMEND RULES

ANNUAL GENERAL MEETING (CONT'D)

- Committee to the membership shall indicate that there shall be no nominations from the floor.
- e. The written notice from the Nominating Committee to the membership shall also be prominently displayed at the place, and if more than one, the places of business of the Credit Union.
- f. Upon consideration of all nominations made and received by petition, the Nominating Committee shall review and recommend at least one (1) member for each vacancy.
- g. The Nominating Committee shall report its recommended nominations with the Secretary of the Credit Union at least forty (40) days before the AGM.
- h. Each nominee by petition shall submit to the Nominating Committee:
- i) the petition duly completed with the signatures of five (5) members;
 - ii) a brief statement of qualifications and experience in a form approved by the Board of Directors;
 - iii) a completed Fit and Proper Questionnaire in a form determined by the Board of Directors.
 - iv) a signed letter from the nominee stating that he/she is agreeable to the nomination and will serve if elected to office.
- i. The Nominating Committee shall have the authority to include candidates not nominated by members' petition among those to be considered by the Committee, and of its own accord submit by way of petition in like manner, suitable candidates to fill the vacancies on the various Committees.
- j. Members of the Nominating Committee shall not be eligible for nominations.
- k. The Nominating Committee shall act in accordance with the Rules and Policies of the Credit Union in its selection of each nominee.
- l. A member seeking nomination to hold office shall be disqualified if that member:
- i) fails to satisfy the Nominating Committee that he is a fit and proper person to accept the responsibilities and perform governance functions of the Credit Union;
 - ii) is delinquent in their loan or other obligations with the Society at the date of the petition and up to the date of election;
 - iii) has been a member of the Credit Union less than six (6) months before the date of the petition, save where the member is an active member for more than six (6) months in another co-operative society in Jamaica;
 - iv) whose membership in any other co-operative society at the time of the Nominating Committee's deliberations has been judged delinquent;
 - v) is not ordinarily resident in the Island.
- m. Where a volunteer's term has not expired and he is seeking nomination or election to a Committee other than the Committee he currently serves on,

RESOLUTION TO AMEND RULES

ANNUAL GENERAL MEETING (CONT'D)

he shall tender his resignation from that Committee.

n. The Nominating Committee will no later than thirty (30) days prior to the AGM notify the members in writing of the nominations recommended by them. The notice shall also be posted in a conspicuous place in the Credit Union.

o. After the Nominating Committee has notified the members of its recommended nominees the nominees shall be presented and placed before the members at the AGM by the Nominating Committee to be considered by the members present.

iii. Elections

a. Elections shall be in the following order:

- i) Elections for members of the Board of Directors;
- ii) Elections for members of the Credit Committee;
- iii) Elections for members of the Supervisory Committee;
- iv) Delegates and Alternate Delegates to the League or any affiliated organisations as determined by the Board of Directors.

b. After the nominees of the Nominating Committee have been placed before the members, a Returning Officer shall be appointed by the Chairman and will preside over the elections at the AGM.

c. If the nominees equal the number of vacancies, the nominees shall be declared elected by general consent or acclamation of the membership at the AGM.

d. In the event there are more nominations recommended by the Nominating Committee than the number of vacancies available, there shall be voting by ballot. The Returning Officer shall be responsible for appointing tellers, distributing ballot, conducting and tallying the vote, any other action to ensure a valid, efficient and smooth election and thereafter announcing the results.

e. In the event a vacancy arises between the close of nomination and the Annual General Meeting, or if there are insufficient nominees to fill all vacancies the Board of Directors shall appoint a member to fill such vacancy until the next Annual General Meeting in accordance with the Rules of the Credit Union.

Resolution Moved by: Debbie-Ann Gordon Crawford-Chairman of the Rules Committee

Resolution Seconded by: Carol Anglin- Member of the Rules Committee

IN FAVOUR	AGAINST	ABSTENTIONS

RESOLUTION TO AMEND RULES

ARTICLE II, RULE 6 AND 11(B)

WHEREAS:

Some years ago, the Credit Union increased the requirement for Permanent Shares to be \$3,000.00 per member.

AND WHEREAS:

Members have been complaining that they are finding it difficult to make this high level of subscription due to increasing hardship in the economy and their challenges to make ends meet.

AND WHEREAS:

Your Board has always listened to the members and try to accommodate their concerns.

AND WHEREAS:

Section 11 (i) of the Co-operative Societies Act

stipulates that a Registered Society may amend its Rules.

BE IT RESOLVED:

Article II Rule 6 and 11 (b) of the Rules be amended to read:

- 6. "Every applicant for membership shall pay a non-refundable entrance fee to be determined by the Directors from time to time and subscribe to a minimum of Two Thousand Dollars (\$2,000) in Permanent Shares."
- 11. b. "Subject to Rule 14 (a) (xii), on ceasing to hold at least two thousand dollars (\$2,000) in Permanent Shares."

Resolution Moved by: Carol Anglin - Director

Resolution Seconded by: Ewan Millen - Director

IN FAVOUR	AGAINST	ABSTENTIONS

DEPT. OF CO-OPERATIVES & FRIENDLY SOCIETIES



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

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

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

R 325/-119/04/17

April 3, 2017

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, 2016.

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

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

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

Yours sincerely,

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

LE/kd

c. The Secretary
Jamaica Co-operative Credit Union League

COK Sodality Co-operative Credit Union Limited

A Society Registered Under the Co-operative Societies Act

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Other Comprehensive Income
- 09 • Group Statement of Changes in Equity
- 10 • Co-operative Statement of Changes in Equity
- 12 • Statement of Cash Flows
- 13 • Notes to The Financial Statements



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
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)

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of COK Sodality Co-operative Credit Union Limited ("the Credit Union"), and the consolidated financial statements of the Credit Union and its subsidiary (collectively "the Group") set out on pages 4 to 49, which comprise the separate and consolidated statements of financial position as at December 31, 2016, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Credit Union as at December 31, 2016, and of the Group's and Credit Union's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

Basis for Opinion

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

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Taron Henda
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

W. Gihan C. de Mel
Nyasa A. Johnson
Wilbert A. Spence
Rochelle N. Stephenson



Page 2

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 Audit of the Financial Statements (cont'd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial consolidated statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

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 Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

A handwritten signature of the KPMG firm, written in a cursive, stylized font.

Chartered Accountants
Kingston, Jamaica

March 31, 2017

COK Sodality Co-operative Credit Union Limited

A Society Registered Under the Co-operative Societies Act

GROUP STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

	<u>Note</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
ASSETS			
Earning assets:			
Loans to members	4	6,029,147	5,512,808
Less allowance for loan losses	5	(166,811)	(150,136)
	4(b)	5,862,336	5,362,672
Liquid assets	6	1,558,135	1,000,668
Financial investments	7	<u>374,215</u>	<u>787,292</u>
Total earning assets		<u>7,794,686</u>	<u>7,150,632</u>
Non-earning assets:			
Liquid assets	8	124,642	92,107
Other assets	9	278,048	213,333
Employee benefits asset	10(a)	123,553	112,014
Property, plant and equipment	11	199,809	225,541
Intangible asset	12	24,541	30,283
Investment in associate	13(b)	<u>10,155</u>	<u>11,069</u>
Total non-earning assets		<u>760,748</u>	<u>684,347</u>
TOTAL ASSETS		<u>8,555,434</u>	<u>7,834,979</u>
LIABILITIES			
Interest bearing liabilities:			
Savings deposits	14	4,680,990	4,523,567
Voluntary shares	15	2,516,942	2,288,873
Deferred shares	16	500,000	300,000
External credits	17	<u>36,026</u>	<u>50,720</u>
Total interest-bearing liabilities		<u>7,733,958</u>	<u>7,163,160</u>
Non-interest bearing liabilities:			
Payables and accruals	18	269,334	241,122
Other liabilities	19	<u>74,098</u>	<u>49,232</u>
Total non-interest bearing liabilities		<u>343,432</u>	<u>290,354</u>
Total liabilities		<u>8,077,390</u>	<u>7,453,514</u>
EQUITY			
Permanent shares	20	537,010	500,622
Non-institutional capital	21(a)	(698,756)	(737,842)
Institutional capital	21(b)	475,697	463,651
Other reserves	22	40,540	43,020
Pension reserve	23	<u>123,553</u>	<u>112,014</u>
Total equity		<u>478,044</u>	<u>381,465</u>
TOTAL LIABILITIES AND EQUITY		<u>8,555,434</u>	<u>7,834,979</u>

The financial statements on pages 4 to 49 were approved for issue by the Board of Directors on March 31, 2017 and signed on its behalf by:


S. Pitterson Director


E. Millen 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

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

	Note	2016 \$'000	2015 \$'000
ASSETS			
Earning assets:			
Loans to members	4	6,029,147	5,512,808
Less allowance for loan losses	5	(166,811)	(150,136)
	4(b)	5,862,336	5,362,672
Liquid assets	6	1,558,135	999,960
Financial investments	7	<u>374,215</u>	<u>787,292</u>
Total earning assets		<u>7,794,686</u>	<u>7,149,924</u>
Non-earning assets:			
Liquid assets	8	122,668	87,464
Other assets	9	288,410	224,281
Employee benefits asset	10(a)	123,553	112,014
Property, plant and equipment	11	199,809	225,541
Intangible asset	12	24,541	30,283
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>781,707</u>	<u>702,309</u>
TOTAL ASSETS		<u>8,576,393</u>	<u>7,852,233</u>
LIABILITIES			
Interest bearing liabilities:			
Savings deposits	14	4,680,990	4,523,567
Voluntary shares	15	2,516,942	2,288,873
Deferred shares	16	500,000	300,000
External credits	17	<u>36,026</u>	<u>50,720</u>
Total interest-bearing liabilities		<u>7,733,958</u>	<u>7,163,160</u>
Non-interest bearing liabilities:			
Payables and accruals	18	265,636	235,524
Other liabilities	19	<u>74,098</u>	<u>49,232</u>
Total non-interest bearing liabilities		<u>339,734</u>	<u>284,756</u>
Total liabilities		<u>8,073,692</u>	<u>7,447,916</u>
EQUITY			
Permanent shares	20	537,010	500,622
Non-institutional capital	21(a)	(674,099)	(714,990)
Institutional capital	21(b)	475,697	463,651
Other reserves	22	40,540	43,020
Pension reserve	23	<u>123,553</u>	<u>112,014</u>
Total equity		<u>502,701</u>	<u>404,317</u>
TOTAL LIABILITIES AND EQUITY		<u>8,576,393</u>	<u>7,852,233</u>

The financial statements on pages 4 to 49 were approved for issue by the Board of Directors on March 31, 2017 and signed on its behalf by:


S. Pitterson Director


E. Millen Treasurer

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, 2016 - (Expressed in Jamaica dollars)

	Note	Group		Co-operative	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Interest income:					
Loans to members		909,611	742,668	909,611	742,668
Investments and deposits		<u>112,018</u>	<u>129,605</u>	<u>111,999</u>	<u>129,559</u>
		<u>1,021,629</u>	<u>872,273</u>	<u>1,021,610</u>	<u>872,227</u>
Interest expense:					
Members' deposits		(167,947)	(183,341)	(167,947)	(183,341)
External credits		(3,111)	(5,980)	(3,111)	(5,980)
		(171,058)	(189,321)	(171,058)	(189,321)
Net interest income		850,571	682,952	850,552	682,906
Provisions for losses:					
Loans to members	5	(107,956)	(89,011)	(107,956)	(89,011)
Interest receivable	9(iv)	(24,049)	(2,257)	(24,049)	(2,257)
Other assets	9(iv)	(19,638)	(9,031)	(19,638)	(9,031)
Net interest income after write-offs and provision for losses		698,928	582,653	698,909	582,607
Non-interest income/(expense):					
Fees		203,420	196,849	203,420	196,849
Other income	24	113,682	105,517	112,756	104,278
Foreign exchange trading remittance		-	1,218	-	-
Loss on disposal of investments		-	(320)	-	(320)
Dividends from equity investments		536	-	536	-
Share of loss of associate	13(b)	(914)	(3,032)	-	-
Other financial costs	25	(33,844)	(26,437)	(32,549)	(25,067)
Gross margin		981,808	856,448	983,072	858,347
Operating expenses	26	(926,289)	(874,019)	(925,748)	(872,828)
Surplus/(deficit) for the year		<u>55,519</u>	<u>(17,571)</u>	<u>57,324</u>	<u>(14,481)</u>
Other comprehensive income/(loss):					
Item that will never be reclassified to profit or loss:					
Re-measurement gain/(loss) on employee benefits asset [note 10(f)]		660	(26,103)	660	(26,103)
Item that may be reclassified to profit or loss:					
Change in fair value of available-for-sale financial assets		<u>3,431</u>	<u>1,437</u>	<u>3,431</u>	<u>1,437</u>
Total other comprehensive income/(loss)		<u>4,091</u>	<u>(24,666)</u>	<u>4,091</u>	<u>(24,666)</u>
Total comprehensive income/(loss) for the year		<u>59,610</u>	<u>(42,237)</u>	<u>61,415</u>	<u>(39,147)</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, 2016 - (Expressed in Jamaica dollars)

	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, 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	-	(26,103)	-	1,437	-	-	(24,666)
Total comprehensive loss for the year	-	(43,674)	-	1,437	-	-	(42,237)
Transactions with owners, recorded directly in equity:							
Amounts subscribed, net of refunds	91,648	-	-	-	-	-	91,648
Entrance fees	-	-	741	-	-	-	741
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
Total comprehensive income for the year:							
Profit for the year	-	55,519	-	-	-	-	55,519
Other comprehensive income	-	660	-	3,431	-	-	4,091
Total comprehensive income for the year	-	56,179	-	3,431	-	-	59,610
Transactions with owners, recorded directly in equity:							
Amounts subscribed, net of refunds	36,388	-	-	-	-	-	36,388
Entrance fees	-	-	581	-	-	-	581
Movements in reserves							
Transfer to pension reserve	-	(11,539)	-	-	-	11,539	-
Transfer from loan loss reserve	-	5,911	-	-	(5,911)	-	-
Transfer to statutory reserve	-	(11,465)	11,465	-	-	-	-
Total transactions with owners and movements in reserves	36,388	(17,093)	12,046	-	(5,911)	11,539	36,969
Balances at December 31, 2016	537,010	(698,756)	475,696	10,506	30,034	123,553	478,044

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, 2016 - (Expressed in Jamaica dollars)

	Co-operative						
	Permanent shares \$'000	Non-institutional capital \$'000	Institutional \$'000	Investment revaluation capital \$'000	Loan Loss reserve \$'000	Pension reserve \$'000	Total \$'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	-	(26,103)	-	1,437	-	-	(24,666)
Total comprehensive loss for the year	-	(40,584)	-	1,437	-	-	(39,147)
Transactions with owners, recorded directly in equity							
Amounts subscribed, net of refunds	91,648	-	-	-	-	-	91,648
Entrance fees	-	-	741	-	-	-	741
Movements in reserves							
Transfer from pension reserve	-	8,920	-	-	-	-	-
Transfer to pension reserve	-	(12,464)	-	-	12,464	(8,920)	-
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
Total comprehensive income for the year:							
Profit for the year	-	57,324	-	-	-	-	57,324
Other comprehensive income	-	660	-	3,431	-	-	4,091
Total comprehensive income for the year	-	57,984	-	3,431	-	-	61,415
Transactions with owners, recorded directly in equity							
Amounts subscribed, net of refunds	36,388	-	-	-	-	-	36,388
Entrance fees	-	-	581	-	-	-	581
Movements in reserves							
Transfer to pension reserve	-	(11,539)	-	-	-	11,539	-
Transfer from loan loss reserve	-	5,911	-	-	(5,911)	-	-
Transfer to statutory reserve	-	(11,465)	11,465	-	-	-	-
Total transactions with owners and movements in reserves	36,388	(17,093)	12,046	-	(5,911)	11,539	36,969
Balances at December 31, 2016	537,010	(674,099)	475,697	10,506	30,034	123,553	502,701

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 (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

Group

	Non-Institutional Capital			Total
	Prior undivided earnings	Permanent share capital reserves	Accumulated deficit	
	[Note 21(a)(ii)] \$'000	[Note 21(a)] \$'000	\$'000	\$'000
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	(180,000)	3,495	(561,337)	(737,842)
Profit for the year	-	-	55,519	55,519
Re-measurement of employee benefits asset	-	-	660	660
Transfer to pension reserve	-	-	(11,539)	(11,539)
Transfer from loan loss reserve	-	-	5,911	5,911
Transfer to statutory reserve	-	-	(11,465)	(11,465)
Balances at December 31, 2016	<u>(180,000)</u>	<u>3,495</u>	<u>(522,251)</u>	<u>(698,756)</u>
<u>Co-operative</u>				
Balances at December 31, 2014	(180,000)	3,495	(494,357)	(670,862)
Deficit for the year	-	-	(14,481)	(14,481)
Transfer from pension reserve	-	-	8,920	8,920
Transfer to loan loss reserve	-	-	(12,464)	(12,464)
Re-measurement of employee benefits asset	-	-	(26,103)	(26,103)
Balances at December 31, 2015	(180,000)	3,495	(538,485)	(714,990)
Profit for the year	-	-	57,324	57,324
Transfer from loan loss reserve	-	-	660	660
Transfer to pension reserve	-	-	(11,539)	(11,539)
Re-measurement of employee benefits asset	-	-	5,911	5,911
Transfer to statutory reserve	-	-	(11,465)	(11,465)
Balances at December 31, 2016	<u>(180,000)</u>	<u>3,495</u>	<u>(497,594)</u>	<u>(674,099)</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

STATEMENT OF CASH FLOWS

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

	Group		Co-operative	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities:				
Profit/(deficit) for the year	55,519	(17,571)	57,324	(14,481)
Adjustments for:				
Interest income	(1,021,629)	(872,273)	(1,021,610)	(872,227)
Interest expense	171,058	189,321	171,058	189,321
Depreciation and amortisation	45,684	40,289	45,684	40,289
Employee benefits asset	1,249	(4,345)	1,249	(4,345)
Dividend income	(536)	-	(536)	-
Provision for loan and other losses	151,643	100,299	151,643	100,299
Share of loss in associate	914	3,032	-	-
	(596,098)	(561,248)	(595,188)	(561,144)
Changes in operating assets and liabilities				
Loans to members	(607,520)	(416,150)	(607,520)	(416,150)
Credit card advances	-	20,756	-	20,756
Saving deposits	157,423	215,833	157,423	215,833
Other assets	(57,256)	(22,392)	(56,608)	(23,386)
Non-interest bearing liabilities	56,422	52,698	58,322	51,816
Voluntary shares	228,069	97,997	228,069	97,997
External credits	(14,694)	(94,207)	(14,694)	(94,207)
	(833,654)	(706,713)	(830,196)	(708,485)
Interest received	980,782	874,820	980,701	874,774
Interest paid	(174,402)	(185,761)	(174,402)	(185,761)
Net cash used by operating activities	(27,274)	(17,654)	(23,897)	(19,472)
Cash flows from investing activities:				
Investment in debentures, shares and bonds, net	406,646	118,449	406,646	118,449
Acquisition of intangible asset	(3,063)	(13,828)	(3,063)	(13,828)
Acquisition of property, plant and equipment	(11,147)	(41,536)	(11,147)	(41,536)
Pension contributions	(12,129)	(12,838)	(12,129)	(12,838)
Net cash provided by investing activities	380,307	50,247	380,307	50,247
Cash flows from financing activities:				
Permanent shares	36,388	91,648	36,388	91,648
Entrance fee	581	741	581	741
Deferred shares	200,000	-	200,000	-
Net cash provided by financing activities	236,969	92,389	236,969	92,389
Increase in liquid assets	590,002	124,982	593,379	123,164
Liquid assets at beginning of the year	1,092,775	967,793	1,087,424	964,260
Liquid assets at end of the year	1,682,777	1,092,775	1,680,803	1,087,424
Comprising:				
Liquid assets – earning	1,558,135	1,000,668	1,558,135	999,960
Liquid assets – non-earning	124,642	92,107	122,668	87,464
	1,682,777	1,092,775	1,680,803	1,087,424

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

1. Identification

- (a) COK Sodality Co-operative Credit Union Limited (the co-operative) was registered under the Co-operative Societies Act and is domiciled in Jamaica. On November 1, 2009, City of Kingston Co-operative Credit Union Limited merged with Sodality Co-operative Credit Union Limited and the name was changed to COK Sodality Co-operative Credit Union Limited. Membership is limited to (a) persons living or working in the corporate area, (b) persons of the Catholic Faith, (c) employees of the co-operative, (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%	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, 2016 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS).

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not impact 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 (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New and amended standards that have been issued but not yet effective:

Certain new and amended standards have been issued which are not yet effective for the current year and which the group has not early-adopted. The group has assessed the relevance of all such new standards and amendments with respect to its operations and has determined that the financial statements will be impacted by the following:

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- 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 recognised.
- 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 entities 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New and amended standards that have been issued but not yet effective (cont'd):

- 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. Entities 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.

The group is assessing the impact that the new and amended standards will have on its financial statements when they are adopted.

(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 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 has significant deficit in non-institutional capital of \$687 million (2015: \$738 million) and \$663 million (2015: \$715 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 \$27 million (2015: \$17 million) and \$24 million (2015: \$19 million) respectively. Continuation of the group and the co-operative is therefore dependent on their ability to achieve future profitability.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

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;
- managing loan delinquency to an acceptable level of 7.03% (2015: 7.5%).

During the year, the group and co-operative reported surplus of \$55.5 million and \$57.3 million respectively and increase the deferred shares portfolio from \$300 million to \$500 million.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

2. Basis of preparation (cont'd)

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

(ii) Employee benefits:

The amounts recognised in the financial statements for employee 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.

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.

(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, 2016, were not available for inclusion in the consolidated financial statement at December 31, 2016. The share of profits included in the consolidated financial statements is based on the unaudited results up to December 31, 2016 [see details in note 13(b)]. The interest in associate is carried at cost in the co-operative's separate financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

3. Significant accounting policies (cont'd)

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances and are measured at 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.

(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 equipment, furniture and fixtures	10%, 20% per annum
Computer equipment	20% per annum
Building improvements	10% per annum

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

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

3. Significant accounting policies (cont'd)

(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.

(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 consideration is recognised on the accrual basis over the period of the transaction, using the effective interest method, and is included in interest income.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

3. Significant accounting policies (cont'd)

(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 cost and subsequently measured at cost, 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.

(g) Intangible asset

Intangible asset, which represents software development costs, is measured 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 20% 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

3. Significant accounting policies (cont'd)

(h) Other assets

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

(i) Other payables and accruals

Other payables and accruals are measured at amortised cost.

(j) External credits

External credits are measured 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

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 the reporting date. Foreign exchange differences arising on translation are recognised in 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

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.

Re-measurements 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

3. Significant accounting policies (cont'd)

(p) League fees and stabilisation dues

JCCUL has determined the rate of calculating league fees at 0.2% (2015: 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% (2015: 0.15%) of savings funds.

4. Loans to members

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of the year	5,512,808	5,144,998
Add: disbursements during year	<u>2,979,692</u>	<u>2,516,573</u>
	8,492,500	7,661,571
Less repayments and transfers	<u>(2,463,353)</u>	<u>(2,148,763)</u>
Balance at end of the year	<u>6,029,147</u>	<u>5,512,808</u>

(a) Delinquent loans:

<u>Period overdue</u>	<u>2016</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	1953	129,933	0	-
2 - 3 months	423	35,569	10	3,557
3 - 6 months	995	85,803	30	25,741
6 - 12 months	1,083	101,787	60	61,072
Over 12 months	<u>270</u>	<u>106,475</u>	100	<u>106,475</u>
	<u>4,724</u>	<u>459,567</u>		<u>196,845</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

4. Loans to members (cont'd)

(a) Delinquent loans (cont'd):

Period overdue	2015			
	Number in arrears	Loans in arrears \$'000	Provision (%)	PEARLS Loan loss provision required \$'000
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>

Delinquent loans and advances on which interest is no longer accrued amounted to \$329,634,000 (2015: \$341,569,000) as at year-end.

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

	<u>Group and Co-operative</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Within 3 months	13,067	59,508
From 3 months to 1 year	294,940	299,424
From 1 year to 10 years and over	<u>5,554,329</u>	<u>5,003,740</u>
	<u>5,862,336</u>	<u>5,362,672</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>2016</u> \$'000	<u>2015</u> \$'000
Home equity	992,332	1,009,503
Mortgages	823,391	908,048
Motor vehicles	1,496,940	1,352,917
Loan within shares	334,808	345,517
Loan within deposits	374,021	396,415
Unsecured	1,401,304	1,085,318
Others	<u>439,540</u>	<u>264,955</u>
	<u>5,862,336</u>	<u>5,362,672</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

4. Loans to members (cont'd)

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Neither past due nor impaired	5,601,452	4,959,904
Past due but not impaired:		
2 to 3 months	90,477	109,940
3 to 6 months	34,884	78,008
6 to 12 months	30,344	46,733
Over 12 months	74,496	59,826
Individually impaired	<u>197,494</u>	<u>258,397</u>
	6,029,147	5,512,808
Less allowance for loan losses (note 5)	(166,811)	(150,136)
	<u>5,862,336</u>	<u>5,362,672</u>

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Neither past due or impaired	4,409,684	4,830,796
Past due but not impaired	421,794	642,796
Individually impaired	<u>13,051</u>	<u>112,843</u>
	<u>4,844,529</u>	<u>5,586,435</u>

(e) The value of renegotiated loans as at year end was \$1,036,855 (2015: \$Nil).

5. Allowance for loan losses

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of the year	150,136	109,465
Charged-off loans charged-off during the year	(91,181)	(48,340)
Increase in provision for the year	<u>107,956</u>	<u>89,011</u>
Balance at end of the year	<u>166,811</u>	<u>150,136</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

5. Allowance for loan losses (cont'd)

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

	<u>2016</u>	<u>2015</u>
IFRS provision as above	166,811	150,136
Loan loss reserve [note 22(b)]	<u>30,034</u>	<u>35,945</u>
	<u>196,845</u>	<u>186,081</u>

The allowance for impairment losses 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 recognised as a transfer between non-institutional capital and loan loss reserve.

6. Earning liquid assets

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000	<u>2016</u> \$'000	<u>2015</u> \$'000
Loans and receivables at amortised cost:				
Resale agreements (i)	663,162	247,585	663,162	246,877
Other investments	297,335	53,786	511,328	53,786
Short-term deposits (ii)	511,328	674,297	297,335	674,297
Government of Jamaica securities	47,000	-	47,000	-
Corporate bonds	<u>39,310</u>	<u>25,000</u>	<u>39,310</u>	<u>25,000</u>
	<u>1,558,135</u>	<u>1,000,668</u>	<u>1,558,135</u>	<u>999,960</u>

(i) The fair value of securities held as collateral for resale agreements amounted to \$696,692,000 (2015: \$248,224,000) for the group and \$696,692,000 (2015: \$247,473,000) for the co-operative.

(ii) Short-term deposits include deposits from corporate entities which are held as security for their employees' borrowings [note 17(ii)].

7. Financial investments

	<u>Group and Co-operative</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Loans and receivables – at amortised cost:		
Government of Jamaica securities	266,053	728,135
Corporate bonds	<u>57,796</u>	<u>24,003</u>
	<u>323,849</u>	<u>752,138</u>
Available-for-sale:		
Quoted shares (carried at fair value)	4,059	3,380
Unquoted shares (carried at cost)	<u>46,307</u>	<u>31,774</u>
	<u>50,366</u>	<u>35,154</u>
	<u>374,215</u>	<u>787,292</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

8. Non-earning liquid assets

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents:				
Cash floats	67,483	64,067	67,483	64,067
Bank accounts	<u>57,159</u>	<u>28,040</u>	<u>55,185</u>	<u>23,397</u>
	<u>124,642</u>	<u>92,107</u>	<u>122,668</u>	<u>87,464</u>

9. Other assets

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Interest receivable - members' loans	183,283	156,896	183,283	156,896
- investments	24,947	21,725	24,947	21,663
Imputed interest – staff loans	33,656	22,418	33,656	22,418
Deferred expenditure [see (i) below]	13,590	5,941	13,590	5,941
Other receivables [see (ii) and (iii) below]	196,803	148,932	210,271	162,074
Withholding tax recoverable	8,294	9,830	8,192	9,740
Prepayments	19,897	19,974	19,157	18,921
Dishonoured cheques	31	-	31	-
Remittance receivable	<u>8,743</u>	<u>5,438</u>	<u>6,479</u>	<u>4,449</u>
	489,244	391,154	499,606	402,102
Less provision for losses [see (iv) below]	<u>(211,196)</u>	<u>(177,821)</u>	<u>(211,196)</u>	<u>(177,821)</u>
	<u>278,048</u>	<u>213,333</u>	<u>288,410</u>	<u>224,281</u>

- (i) Deferred expenditure includes deposits on capital assets [note 31(b)] totalling \$13,883,000 (2015: \$2,364,000) for the group and co-operative.
- (ii) Other receivables include \$58,782,000 (2015: \$58,782,000) receivable from a cambio trading partner for defaults on amounts due, for which 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 has been made.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

9. Other assets (cont'd)

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at the beginning of the year	177,821	172,803
Provision made during the year:		
Interest receivable	24,049	2,257
Other receivables	19,638	9,031
Amounts written off	(10,312)	(6,270)
Balance at end of the year	<u>211,196</u>	<u>177,821</u>

10. Employee benefits asset

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 employees' taxable remuneration, taking into account the recommendations of independent qualified actuaries.

(a) Employee benefits asset:

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Present value of funded obligations	(301,025)	(280,862)
Fair value of plan assets	<u>424,578</u>	<u>392,876</u>
Asset recognised in statement of financial position	<u>123,553</u>	<u>112,014</u>

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of the year	112,014	120,934
Contributions paid	12,128	12,838
Amount recognised in profit or loss (note 26)	(1,249)	4,345
Re-measurement gain/(loss) recognised in other comprehensive income	<u>660</u>	<u>(26,103)</u>
Balance at end of the year	<u>123,553</u>	<u>112,014</u>

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10. Employee benefits asset (cont'd)

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

	Group and Co-operative	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of the year	(280,862)	(225,376)
Benefits paid	12,950	7,703
Service costs	(9,314)	(5,866)
Employees' contributions	(11,253)	(11,371)
Interest costs	(23,801)	(21,585)
Actuarial gain/(loss) arising from:		
- experience adjustments	23,850	5,983
- change in financial assumptions	(12,595)	(30,350)
Balance at end of the year	<u>(301,025)</u>	<u>(280,862)</u>

(d) Movements in plan assets:

	Group and Co-operative	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Fair value of plan assets at beginning of the year	392,876	346,310
Employees' contributions	11,253	11,371
Employer's contributions	12,129	12,838
Interest income	33,838	33,683
Benefits paid	(12,950)	(7,703)
Administrative expenses	(1,973)	(1,887)
Actuarial loss on plan assets	(10,595)	(1,736)
Fair value of plan assets at end of the year	<u>424,578</u>	<u>392,876</u>

	Group and Co-operative			
	<u>2016</u>		<u>2015</u>	
	%	\$'000	%	\$'000
Plan assets consist of the following:				
Equities	7.86	33,389	6.00	23,554
Fixed income securities	75.31	313,862	80.77	317,111
Real estate	15.10	64,098	12.62	49,571
Other	<u>1.73</u>	<u>13,229</u>	<u>0.67</u>	<u>2,640</u>
	<u>100</u>	<u>424,578</u>	<u>100</u>	<u>392,876</u>

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10. Employee benefits asset (cont'd)

- (e) Amount recognised in profit or loss:

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Current service costs	9,314	5,866
Interest on obligation	23,801	21,585
Interest income on plan assets	(33,838)	(33,683)
Administrative expenses	<u>1,972</u>	<u>1,887</u>
	<u>1,249</u>	<u>(4,345)</u>

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Re-measurement gain/(loss) on funded obligation	11,255	(24,367)
Re-measurement loss on plan assets	<u>(10,595)</u>	<u>(1,736)</u>
	<u>660</u>	<u>(26,103)</u>

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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	%	%
Discount rate	9.0	8.50
Future salary increases	7.0	6.00
Price inflation	6.0	5.00
Pension increases	<u>3.0</u>	<u>2.50</u>

At December 31, 2016, the weighted average duration of the defined benefit obligation was 19.1 years (2015: 19.4 years).

- (h) Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The following table 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

10. Employee benefits asset (cont'd)

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

	Group and Co-operative			
	2016		2015	
	\$'000	\$'000	\$'000	\$'000
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(47,826)	63,663	(45,803)	61,403
Future salary increase	31,373	(26,281)	30,444	(25,265)
Future pension increases	<u>25,847</u>	<u>(21,945)</u>	<u>24,881</u>	<u>(21,076)</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 \$6,860,000, 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 \$11,620,000 (2015: \$12,510,000).

11. Property, plant and equipment

Group and Co-operative

	<u>Land and buildings</u>	<u>Office equipment, furniture and fixtures</u>	<u>Data processing equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Cost:				
December 31, 2014	223,147	212,094	97,296	532,537
Additions	21,739	6,629	13,168	41,536
Adjustments	(4,798)	-	-	(4,798)
December 31, 2015	240,088	218,723	110,464	569,275
Additions	1,545	4,902	4,700	11,147
Disposals	-	(41)	-	(41)
December 31, 2016	<u>241,633</u>	<u>223,584</u>	<u>115,164</u>	<u>580,381</u>
Depreciation:				
December 31, 2014	76,117	156,644	84,408	317,169
Charge for the year	12,962	14,627	3,774	31,363
Disposals	(4,798)	-	-	(4,798)
December 31, 2015	84,281	171,271	88,182	343,734
Charge for the year	14,453	15,634	6,792	36,879
Disposals	-	(41)	-	(41)
December 31, 2016	<u>98,734</u>	<u>186,864</u>	<u>94,974</u>	<u>380,572</u>
Net book values:				
December 31, 2016	<u>142,899</u>	<u>36,720</u>	<u>20,190</u>	<u>199,809</u>
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>

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12. Intangible asset

Software

	<u>Group and Co-operative</u>		
	<u>Cost</u> \$'000	<u>Amortisation</u> \$'000	<u>Carrying values</u> \$'000
Balance at December 31, 2014	159,339	(133,958)	
Additions/charge for the year	<u>13,828</u>	<u>(8,926)</u>	
Balance at December 31, 2015	173,167	(142,884)	<u>30,283</u>
Additions/charge for the year	<u>3,063</u>	<u>(8,805)</u>	
Balance at December 31, 2016	<u>176,230</u>	<u>(151,689)</u>	<u>24,541</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 (2015: \$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>2016</u> \$'000	<u>2015</u> \$'000	<u>2016</u> \$'000	<u>2015</u> \$'000
Shares at cost in MoneyMasters Ltd	-	-	-	-
Carrying amount of investment in associate	11,069	14,101	21,726	21,726
Share of loss of associate	<u>(914)</u>	<u>(3,032)</u>	<u>-</u>	<u>-</u>
	<u>10,155</u>	<u>11,069</u>	<u>21,726</u>	<u>21,726</u>

Audited financial information of the associate up to May 31:

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Non-current assets	1,790	3,714
Current assets	948,698	1,035,233
Non-current liabilities	(878,064)	(966,426)
Preference shares	<u>(28,000)</u>	<u>(28,000)</u>
Net assets attributable to equity holders	<u>44,424</u>	<u>44,521</u>
Group share of net assets 22.86% (2015: 22.86%)	<u>10,155</u>	<u>11,069</u>
Net loss from continuing operations	<u>(3,997)</u>	<u>(13,263)</u>
Group's share of loss from continuing operations	<u>(914)</u>	<u>(3,032)</u>

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Year ended December 31, 2016 - (Expressed in Jamaica dollars)

14. Savings deposits

	Group and Co-operative	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of the year	4,523,567	4,307,734
Add new deposits	<u>5,652,915</u>	<u>5,257,039</u>
	10,176,482	9,564,773
Less withdrawals and transfers	<u>(5,495,492)</u>	<u>(5,041,206)</u>
Balance at end of the year	<u>4,680,990</u>	<u>4,523,567</u>

15. Voluntary shares

	Group and Co-operative	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of year	2,288,873	2,190,876
Add amount subscribed	<u>2,688,260</u>	<u>2,600,952</u>
	4,977,133	4,791,828
Less withdrawals and transfers	<u>(2,460,191)</u>	<u>(2,502,955)</u>
Balance at end of year	<u>2,516,942</u>	<u>2,288,873</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) 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 2016, additional shares were issued to increase the co-operative's capital. They are not withdrawable before May 2021 and bear interest of 8% per annum in the first year and, thereafter, at 100 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)].

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17. External credits

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
National Insurance Fund/Small Mediums Enterprise (i)	-	1,500
Fixed deposits held for corporates (ii)	25,333	41,495
Development Bank of Jamaica (iii)	<u>10,693</u>	<u>7,725</u>
	<u>36,026</u>	<u>50,720</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 matured 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 at 10% per annum, are repayable quarterly, and are secured by promissory notes.

As at year-end, the amounts are due as follows:

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Amounts due within one year	36,026	49,991
Amounts due after one year	-	<u>729</u>
	<u>36,026</u>	<u>50,720</u>

18. Payables and accruals

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
(a) Payables:				
Other payables	51,840	55,131	49,355	49,943
Standing order payments	118,541	108,481	118,541	108,481
Advances and interest	<u>40,054</u>	<u>29,303</u>	<u>40,054</u>	<u>29,303</u>
	<u>210,435</u>	<u>192,915</u>	<u>207,950</u>	<u>187,727</u>
(b) Accruals:				
Interest payable	19,312	22,656	19,312	22,656
Withholding tax payable	2,556	2,935	2,556	2,935
Other accruals	<u>37,031</u>	<u>22,616</u>	<u>35,818</u>	<u>22,206</u>
	<u>58,899</u>	<u>48,207</u>	<u>57,686</u>	<u>47,797</u>
	<u>269,334</u>	<u>241,122</u>	<u>265,636</u>	<u>235,524</u>

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19. Other liabilities

	Group and Co-operative	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Social outreach	2	2
Unallocated receipts	50,944	38,806
Stale-dated cheques	<u>23,152</u>	<u>10,424</u>
	<u>74,098</u>	<u>49,232</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 represent cash invested as risk capital, which forms a permanent part of the capital of the co-operative. As at the reporting date, 55,466 (2015: 146,020) members had not yet met this requirement.

21. Non-institutional and institutional capital

(a) Non-institutional capital

	Group		Co-operative	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</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	(914)	(3,032)	-	-
Net deficit	<u>(521,337)</u>	<u>(558,305)</u>	<u>(497,594)</u>	<u>(538,485)</u>
	<u>(698,756)</u>	<u>(737,842)</u>	<u>(674,099)</u>	<u>(714,990)</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. No transfer was made during the year ended December 31, 2016.

- (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 (\$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.

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21. Non-institutional and institutional capital (cont'd)

(b) Institutional capital

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Statutory and legal reserves (i)	207,682	195,636
General reserves (ii)	<u>268,015</u>	<u>268,015</u>
	<u>475,697</u>	<u>463,651</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

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Investment revaluation reserve (a)	10,506	7,075
Loan loss reserve	<u>30,034</u>	<u>35,945</u>
	<u>40,540</u>	<u>43,020</u>

(a) This represents the unrealised gains and losses arising on changes in fair value of available-for-sale investments.

(b) 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 10).

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24. Other income

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Remittance service	7,829	8,203	7,571	7,584
Visa credit card operation	-	6,473	-	6,473
Foreign currency gains	2,968	2,901	2,561	2,333
Profit on cambio trading	10,760	8,650	10,149	8,650
Default interest	21,553	15,518	21,553	15,518
Documentation fees	9,366	8,980	9,366	8,980
Bad debt recoveries	33,005	29,158	33,005	29,158
Miscellaneous income	<u>28,201</u>	<u>25,634</u>	<u>28,551</u>	<u>25,582</u>
	<u>113,682</u>	<u>105,517</u>	<u>112,756</u>	<u>104,278</u>

25. Other financial costs

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Expenses – debit/credit card	6,545	5,003	6,545	5,003
Expenses – remittance service	56	41	-	41
Remittance sub-agent commission	43	65	-	-
Interest on overdraft	-	1	-	1
Bank charges	4,500	6,146	4,448	5,956
Cambio licence fees	1,200	1,123	1,200	1,123
Remittance licence fees	1,254	1,115	110	-
Financial Services Commission licensing fee	747	671	747	671
Collections expenses	418	621	418	621
Loan broker expenses	4,433	753	4,433	753
Legal and documentation expenses	<u>14,648</u>	<u>10,898</u>	<u>14,648</u>	<u>10,898</u>
	<u>33,844</u>	<u>26,437</u>	<u>32,549</u>	<u>25,067</u>

26. Operating expenses

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Personnel expenses:				
Salaries and wages	475,210	441,701	472,885	439,173
Employer's statutory contributions	43,210	40,606	43,210	40,606
Education and training	3,361	6,446	3,361	6,446
Unused vacation leave	3,727	4,077	3,727	4,077
Pension cost/(income) [note 10(e)]	<u>1,249</u>	<u>(4,345)</u>	<u>1,249</u>	<u>(4,345)</u>
	<u>526,757</u>	<u>488,485</u>	<u>524,432</u>	<u>485,957</u>
Members' expenses:				
CUNA life savings and loan protection	<u>26,969</u>	<u>24,524</u>	<u>26,969</u>	<u>24,524</u>
Carried forward	<u>553,726</u>	<u>513,009</u>	<u>551,401</u>	<u>510,481</u>

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26. Operating expenses (cont'd)

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Brought forward	<u>553,726</u>	<u>513,009</u>	<u>551,401</u>	<u>510,481</u>
Administrative expenses:				
Printing, stationery and supplies	10,774	10,491	10,760	10,483
Repairs and maintenance	12,694	9,729	12,694	9,729
Depreciation and amortisation	45,684	40,289	45,684	40,289
Rental of premises (office and car park)	18,381	16,348	18,381	16,348
Travelling and subsistence	14,271	12,598	14,271	12,598
Meetings and functions	2,231	1,749	2,231	1,749
Subscriptions and other administrative expenses	16,315	14,061	15,991	13,691
Administrative expenses-COK Pension Plan	5,670	6,363	5,670	6,363
Electricity and water	25,761	25,617	25,761	25,617
Telephone and SMS text messaging	11,200	8,835	11,125	8,765
Auditors' remuneration - current year	5,903	5,810	5,400	5,400
- prior year	120	219	108	163
Computer related	54,058	44,397	54,058	44,397
Annual general meeting	3,628	3,730	3,628	3,730
Professional and consulting fees	2,517	6,030	2,517	6,030
Security expenses	28,946	30,792	28,946	30,792
ATM interchange and switch fees	12,785	13,590	12,785	13,590
Insurance premiums - property	3,924	6,390	3,924	6,390
- bond	1,521	1,790	1,521	1,790
Remittance company management fees	261	-	3,079	2,464
GCT irrecoverable	<u>30,287</u>	<u>32,598</u>	<u>30,181</u>	<u>32,490</u>
	<u>306,931</u>	<u>291,426</u>	<u>308,715</u>	<u>292,868</u>
Marketing and promotion expenses:				
Publicity and promotion	39,669	43,903	39,669	43,798
Representation and affiliation expenses:				
League and other dues	25,597	24,946	25,597	24,946
League meetings	<u>366</u>	<u>735</u>	<u>366</u>	<u>735</u>
TOTAL OPERATING EXPENSES	<u>926,289</u>	<u>874,019</u>	<u>925,748</u>	<u>872,828</u>

27. Staff and volunteers' loans and deposit balances

These represent loans granted and deposits held by members of staff, key management personnel and volunteers for the group and the co-operative.

	<u>Number</u>	<u>Loans</u>	<u>Shares and deposits</u>
		\$'000	\$'000
Staff (including temporary and contract workers)	246	263,447	54,787
Key management personnel	15	23,944	10,158
Volunteers (Credit and Supervisory)	<u>18</u>	<u>2,455</u>	<u>3,260</u>

No special conditions were attached to these loans and the terms of repayment have been complied with.

Key management personnel comprises all 12 Board members including one (1) Honorary Director.

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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 or the parent of 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Subsidiary: Other receivables	<u>-</u>	<u>-</u>	<u>14,154</u>	<u>13,414</u>
Associate: Resale agreements	<u>2,537</u>	<u>2,389</u>	<u>2,537</u>	<u>2,389</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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Associate:				
Income earned from resale agreements	<u>(141)</u>	<u>(166)</u>	<u>(141)</u>	<u>(166)</u>

- (c) Key management personnel compensation is as follows:

	<u>Group and Co-operative</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Directors' honorarium	-	-
Short-term employee benefits included in personnel expenses (note 26)	<u>33,776</u>	<u>25,273</u>

29. Life savings and loan protection insurance

Life savings and loan protection insurances were in force during the year.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

30. Comparison of ledger balances

Group and co-operative

	<u>Savings deposits</u> \$'000	<u>Loans</u> \$'000	<u>Shares</u> \$'000
General ledger (unadjusted)	4,680,990	6,029,147	2,516,942
Personal ledger	<u>4,680,990</u>	<u>6,029,147</u>	<u>2,516,942</u>
Differences as at December 31, 2016	<u>-</u>	<u>-</u>	<u>-</u>
Differences as at December 31, 2015	<u>-</u>	<u>-</u>	<u>-</u>

31. Commitments

- (a) At December 31, 2016, there were loan commitments to members totalling \$18,045,000 (2015: \$9,951,000) for the group and the co-operative.
- (b) At December 31, 2016, total capital commitments for the group and the co-operative amounted to \$21,486,000 (2015: \$4,417,000), of which \$13,883,000 (2015: \$2,364,000) have been deposited [note 9(i)].

32. Contingencies

There are claims against the co-operative as follows:

- (a) There is a member's claim 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 a case 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.

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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: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: 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.

	<u>Group and Co-operative</u>		
	<u>Carrying amount</u> \$'000	<u>Fair value Level 1</u> \$'000	<u>Total</u> \$'000
2016:			
Available-for-sale financial assets	<u>4,059</u>	<u>4,059</u>	<u>4,059</u>
2015:			
Available-for-sale financial assets	<u>3,380</u>	<u>3,380</u>	<u>3,380</u>

There was no transfer between levels during the current and prior year.

Basis for determining fair values

Available-for-sale financial assets include, quoted and unquoted equities. Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange. 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, 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.

The fair value of deferred shares is assumed to approximate carrying value as they are at market terms and no discount or premium will be paid on their settlement.

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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.

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Year ended December 31, 2016 - (Expressed in Jamaica dollars)

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, 2016, the co-operative held motor vehicles with an estimated value of \$15,657,000 (2015: \$16,040,000), and real properties with an estimated value of \$228,350,000 (2015: \$480,000,000). 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 component 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, which is based on PEARLS.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

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's 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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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 and 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 18.17% (2015: 10.81%).

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 10.13% (2015: 10.11%).

The following table presents the undiscounted contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	Group				
	2016				
	<u>1 to 3</u> <u>months</u> \$'000	<u>3 to 12</u> <u>months</u> \$'000	<u>Over 12</u> <u>Outflow</u> \$'000	<u>Total Cash</u> <u>Outflow</u> \$'000	<u>Carrying</u> <u>Amount</u> \$'000
Savings deposits	3,564,346	692,982	437,119	4,694,447	4,680,990
Voluntary shares	2,516,942	-	-	2,516,942	2,516,942
Deferred shares	9,321	28,482	500,000	537,803	500,000
External credits	36,290	-	-	36,290	36,026
Non-interest bearing liabilities	<u>343,432</u>	<u>-</u>	<u>-</u>	<u>343,432</u>	<u>343,432</u>
	<u>6,470,331</u>	<u>721,464</u>	<u>937,119</u>	<u>8,128,914</u>	<u>8,077,390</u>
	2015				
	<u>1 to 3</u> <u>months</u> \$000	<u>3 to 12</u> <u>months</u> \$000	<u>Over 12</u> <u>months</u> \$000	<u>Total cash</u> <u>outflow</u> \$000	<u>Carrying</u> <u>Amount</u> \$000
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>

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35. Financial risk management (cont'd)

	Co-operative				
	2016				
	<u>1 to 3</u> <u>months</u> \$000	<u>3 to 12</u> <u>months</u> \$000	<u>Over 12</u> <u>months</u> \$000	<u>Total cash</u> <u>outflow</u> \$000	<u>Carrying</u> <u>Amount</u> \$000
Savings deposits	3,564,346	692,982	437,119	4,694,447	4,680,990
Voluntary shares	2,516,942	-	-	2,516,942	2,516,942
Deferred shares	9,321	28,482	-	37,803	500,000
External credits	36,290	-	-	36,290	36,026
Non-interest bearing liabilities	<u>339,734</u>	<u>-</u>	<u>-</u>	<u>339,734</u>	<u>339,734</u>
	<u>6,466,633</u>	<u>721,464</u>	<u>437,119</u>	<u>7,625,216</u>	<u>8,073,692</u>
	2015				
	<u>1 to 3</u> <u>months</u> \$000	<u>3 to 12</u> <u>months</u> \$000	<u>Over 12</u> <u>months</u> \$000	<u>Total cash</u> <u>outflow</u> \$000	<u>Carrying</u> <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>

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 (£).

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35. 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:

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Bank accounts	101	259	94	226
Cash float	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
	<u>116</u>	<u>274</u>	<u>109</u>	<u>241</u>

	<u>Group</u>		<u>Co-operative</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	£'000	£'000	£'000	£'000
Bank account	4	9	4	9
Cash floats	<u>2</u>	<u>5</u>	<u>2</u>	<u>5</u>
	<u>6</u>	<u>14</u>	<u>6</u>	<u>14</u>

The exchange rates for the Jamaica dollar, in terms of the US\$ and Pound Sterling, as at December 31, 2016, were J\$128.4404 = US\$1.00 (2015: J\$120.415 = US\$1.00) and J\$157.4208 = £1.00 (2015: J\$177.1179 = £1.00).

A 6% (2015: 10%) weakening of the Jamaica dollar against the US\$ and £ at the reporting date would have reduced profit for the year by \$950,000 (2015: \$3,547,000) for the group and \$896,000 (2015: \$3,150,000) for the co-operative.

A 1% (2015: 5%) strengthening of the Jamaica dollar against the US\$ and £ at the reporting date would have decreased profit for the year by \$158,000 (2015: \$1,773,500) for the group and \$149,000 (2015: \$1,575,000) for the co-operative.

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

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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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Fixed-rate instruments				
Financial assets	7,760,434	7,115,428	7,760,434	7,114,686
Financial liabilities	(7,164,565)	(6,778,002)	(7,164,565)	(6,778,002)
	<u>595,869</u>	<u>337,426</u>	<u>595,869</u>	<u>336,684</u>
			<u>Group and Co-operative</u>	
			<u>2016</u>	<u>2015</u>
			<u>\$'000</u>	<u>\$'000</u>
Variable-rate instruments				
Financial assets			184,352	537,352
Financial liabilities			(500,000)	(300,000)
			<u>(315,648)</u>	<u>237,352</u>

Fair value sensitivity analysis

The group and the co-operative do not account for any interest-bearing financial assets and liabilities at fair value, therefore a change in interest rates, at the reporting date, would not affect the carrying value of the group's and co-operative's financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change in interest rates at the reporting date would have increased/(decreased) profit 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>	
	<u>(Increased)/decreased profit/loss by</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
1% (2015: 2.5%) increase in rates	3,156	5,934
1% (2015:1%) decrease in rates	<u>(3,156)</u>	<u>(2,373)</u>

COK Sodality Co-operative Credit Union Limited

A Society Registered Under the Co-operative Societies Act

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2016 - (Expressed in Jamaica dollars)

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 group 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 carrying value of the financial investments.

(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, 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 9.8 % (2015: 7.00%). If the guarantee of \$180M by JCCUL is taken into consideration, the ratio would be 11.9% (2015: 9.29%), which is above the required 8%.

There were no changes in the group's approach to capital management during the year.



JCCUL PRESIDENT'S 75TH ANNIVERSARY MESSAGE

FELLOW CO-OPERATORS:

I greet you with a firm commitment to play my part as President in continuing the pursuits of the Credit Union Movement, confident in the knowledge that over the past 75 years we have created and maintained a co-operative financial institution of which we are all very proud.

The Jamaica Co-operative Credit Union League, the national association of Credit Unions, was the off-shoot of three Credit Unions, and has since grown to become, like the great oak, protecting other trees in the forest in a storm. The celebration of this milestone is significant. Symbolically, it tells the story of the longevity of the Credit Union Movement, which is an enviable feat!

The League owes its existence to two sets of people, the founders and the keepers. The founders are the pioneers, who though challenged in many ways, refused to give up and worked tirelessly to spread credit unionism throughout Jamaica. Among them was the Patriarch of Credit Unionism in Jamaica, Father John Peter Sullivan and the Sodality Group of Young men from St. Georges College, who guided by him, gave life to the Movement. We salute them in this the 75th anniversary of the League.

The volunteers are the keepers of the League and the Movement. Their role in developing and instituting policies has resulted in the growth and development of the Movement. Without this level of governance, the Movement could not have accomplished its mandate and earned the trust and confidence that over one million members have placed in credit unions. We thank God for the wisdom that he has bestowed on these volunteers, and the volunteers for their distinguished services to the Movement over these years.

Among the keepers are you the members, who for generations have pooled your resources to help each other, characterizing the co-operative principles

of Credit Unions. The commitment that you have demonstrated in your Credit Union is exemplified by your support of the institutions at which you have saved your resources, borrowed, and made future plans for yourself and your families. Your faithfulness in using the services provided by the Movement to improve the quality of your lives is commendable.

Undoubtedly, we are at that point where we must consider the future of the Movement for the next 75 years and beyond. What will it be? No one can accurately predict the future, based on current trends however we think the Movement as a Jamaican institution, is here to stay. Like a living organism, it will undergo some degree of metamorphosis. In the final analysis, we expect it to emerge as a beautiful butterfly, to be admired by all and cherished by members. It requires patience and perseverance, but as with the cocoon, it cannot be rushed, with time the results will be there for all to see.

Let us therefore with vision and purpose, dedicate ourselves to the future development of the Movement, as we embark on the journey of another 75 years. We owe it to our children, and to their children, to bequeath unto them the legacy of a Movement that is more developed and sustainable than that which was bequeathed unto us by our pioneers, more than 75 years ago. Let us endeavor to leave them with a Movement from which they too can benefit financially and socially.

Thank you all for your support and dedication to the ideals of credit unionism, as co-operatively we work to make Credit Unions great co-operative financial institutions, taking their rightful place in the financial services sector and in the lives of our members.

God bless you all.

Winston C. Fletcher
President



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OBITUARY

COK Sodality Co-operative Credit Union wishes to express condolence to the families and friends of those who passed during 2016. May their souls rest in peace and light perpetual shine on them.

COK is pleased to announce that during 2016, 285 members or their dependents were the beneficiaries of approximately \$108M paid in claims under our Family Indemnity Plan.



COK LOCATIONS

HEAD OFFICE

66 Slipe Road
Kingston 5

MANDEVILLE

Units 1, 2 & 8
Mandeville Plaza, Mandeville
Manchester

CROSS ROADS

70 Slipe Road
Kingston 5

MONTEGO BAY

30-34 Market Street
Montego Bay, St. James

HALF WAY TREE

Units 9 & 10
Winchester Business Centre
15 Hope Road
Kingston 10

OCHO RIOS SATELLITE OFFICE

Shop #7
19 Main Street
Ocho Rios
St. Ann

PORTMORE

Shop#3
McMaster Centre
Portmore
St. Catherine

SPANISH TOWN SATELLITE OFFICE

Shop #12a
Oasis Plaza
Spanish Town
St. Catherine

Call us: 960-4226

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