



Vision

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

Mission

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

Core Values

Trust

Continuous Improvement

Co-operative Philosophy



COK SODALITY CO-OPERATIVE CREDIT UNION LTD.

Invest in your future today!

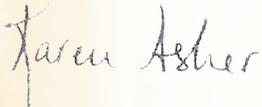
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Notice

Notice is hereby given that the Annual General Meeting of COK Sodality Co-operative Credit Union Limited will be held on Wednesday May 12, 2010 at the Jamaica Conference Centre, starting at 2:00 PM.

Registration commences at 1:00 PM



Karen Asher-Osbourne

Secretary

April 2010

Agenda

1. Ascertainment of Quorum
2. Call to Order
3. Opening Prayer
4. Obituaries
5. Apologies for Absence
6. Welcome & Introduction
7. Adoption and Confirmation of Minutes
- Matters Arising
8. **Reports**
 - a. Board of Directors
 - b. Management
 - c. Treasurer
 - d. Auditors
 - e. Credit Committee
 - f. Supervisory Committee
 - g. Delegates to the JCCUL AGM
9. Fixing of Maximum Liability
10. Presentation of Budget
11. **Elections**
 - a. Appointment of Returning Officer
 - b. Nominating Committee's Report
 - c. Election of:
 - i. Board of Directors
 - ii. Credit Committee
 - iii. Supervisory Committee
 - iv. JCCUL Delegates
 - v. Jamaica Fishermen's Co-op Union Ltd. (Delegates)
12. Any other business
13. Adjournment

COK SODALITY - NOW A REALITY!

The Oldest & the Largest Credit Unions become one

COK Co-operative Credit Union Limited (COK) has long been regarded as the largest credit union both in Jamaica and in the English-speaking Caribbean. Sodality Co-operative Credit Union Limited has also been hailed as the pioneer of the movement and as such holds the honour for being the oldest credit union within the same demographic.

November 1, 2009 marked a historic occasion in the life of both institutions as the two institutions merged and officially became COK Sodality Co-operative Credit Union Limited. It is important to note that as these two institutions forge ahead in a merged future it is a mere extension of the shared past; in that both were born out of the influence of the church in the personhood of Father John Peter Sullivan (Sodality) and Father Gerry McLaughlin (COK).

This move of the union of the oldest and largest credit unions served to achieve among other things: the strengthening of the safety and soundness of the credit union movement, increase the branch network available to members as well as to establish services within the convenient reach of more Jamaicans.

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

- a. Persons of the universal catholic faith (believing that Jesus Christ is Lord).
- b. Persons working or living in Kingston



From Left: Joscelyn Jolly, *President - COK Sodality*; Upton Fisher, *Former General Manager - Sodality*; Jacqueline Mighty, *CEO - COK Sodality*; Glenworth Francis, *General Manager - JCCUL*; Trevor Blake, *Former President - Sodality*

& St. Andrew

- c. Employees of the Society
- d. Relatives of members who qualify under (a) and (c) above provided that relatives include mother, father, brother, sister, son, daughter, aunt, uncle, husband, wife, niece, nephew and grandparents; and
- e. Members of other co-operatives

Under the newly merged entity, all COK Sodality members will enjoy the wide range of products and services which include access to six branches island wide (with the addition of the newly refurbished Central Plaza location), Cambio and Remittance services, Pension Plans as well as participation in the organization's Read-Discount programme which allows members up to 20% discount on goods and services in several stores.

In commenting on the progress and success

of the merger, Chief Executive Officer Jacqueline Mighty stated that, "We are very pleased with how our members and stakeholders have embraced the merger, and COK Sodality is very honoured to have the privilege of enhancing the well-being of so many more Jamaicans. It is a testament to the sense of community that is still active in our society, in how relatively seamless the transition was, as demonstrated in how far we have progressed in just under four months, following the reopening of the Central Plaza branch (formerly the location of Sodality Co-operative Credit Union) on January 20, 2010."

As part of the merger, the newly formed COK Sodality Board of Directors now boasts a membership of eleven, an increase from the nine of the former COK Board, to include Monsignor Michael Lewis and former Sodality President Trevor Blake.

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING OF THE CITY OF KINGSTON CO-OPERATIVE CREDIT UNION HELD ON WEDNESDAY, 2009 MAY 13 AT THE HILTON KINGSTON HOTEL, 77 KNUTSFORD BOULEVARD, KINGSTON 5, COMMENCING AT 3:13 P.M.

Ascertainment of Quorum

The President, Mr. Joscelyn Jolly, called the 42nd Annual General Meeting (AGM) of the City of Kingston (COK) Co-operative Credit Union to order after ascertaining that there was a quorum.

The prayer of St. Francis of Assisi was repeated.

Reading of Notice Convening the Meeting

The Assistant Secretary, Miss Carol Anglin, read the Notice convening the meeting.

Apologies for Absence

Ms. Yvonne Ridguard - President, (JCCUL)
Mr. Barrington Whyte - General Manager, C&WJ Co-op C.U.
Dr. Heather Lawson Myers - Member, Supervisory Committee COK
Mrs. Brenda Cuthbert - Former General Manager, COK
Mrs. Donna Parchment-Brown - CEO, Dispute Resolution Foundation

Apologies for Lateness

Mr. Harold Stewart - Past President, COK
Mr. Ralston Hyman - Nominee, Credit Committee, COK

Welcome

The President extended welcome to those in attendance and encouraged members to participate in the discussions as the AGM offered the greatest opportunity for them to raise questions and seek explanations about the workings of the organization which they own.

The President introduced the members of the Board as follows:

Mr. Albert Morris - 1st Vice President
Mr. Christopher Robinson - Treasurer
Mr. Al Chambers - Assistant Treasurer
Dr. Karen Asher Osbourne - Secretary
Ms. Carol Anglin - Assistant Secretary
Ms. Karen Adair - Director
Mrs. Debbie-Ann Gordon Crawford - Director
Mr. Franklin Moodie - Director
and Mrs. Jacqueline Mighty, - General Manager

Reading, Correction and Confirmation of The Minutes

The Minutes for the 41st Annual General Meeting having been circulated were taken as read on a motion moved and seconded by Mrs. Carol Williams and Mr. Derrick Roger respectively and was unanimously carried.

Corrections

The Assistant Secretary, Miss Carol Anglin, presented the corrections to the Minutes, and Annual Report and invited the meeting to make further corrections as follows:

Minutes:

Page 4: 1st column, under 'WELCOME', 6th line from the bottom of the page, after the word 'website', add... 'the meeting was also streamed through the COK website'.

Page 6: 2nd column, 5th line down that says, 'from any source on such terms', the words 'from any source' should be deleted.

Page 7: 1st column, the sub-head 'Discussion on Report', the 2nd paragraph, the name 'Lashley' is spelt incorrectly, it should be 'Lasley'.

Mr. Lasley's contribution should read, "Mr. Hubert Lasley suggested that members should be given the opportunity to open foreign exchange accounts in COK, rather than in the commercial banks. The President told him that this is the desire, but it requires the BOJ approval, and that would be taken up with the BOJ and the Movement."

- 2nd column, 3rd paragraph, 5th line, insert 'the' between 'that' and 'Credit Union'.

- 3rd line from the bottom that starts with 'Dated', the date is missing, so it should read, 'Dated this 13th day of May, 2009'.

Page 8: 2nd column, 3rd paragraph, 4th line, the word 'overall' should be 'overhaul'.

Report:

Page 15: 1st column, the 2nd heading should be 'CHARGED OFF LOANS'

Page 16: 2nd column, 1st line under 'ACKNOWLEDGEMENTS', 'or' should be 'our'; the 2nd paragraph, 2nd line, delete 'to you'; and 3rd line insert 'to' before 'serve'.

Page 29: 1st column, 2nd paragraph under 'LOAN DISBURSEMENTS', delete the first 'of' in the first line.

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

Page 55 Credit Committee Report - 1st column at the bottom of the page - 160 loans were approved totalling \$5,035,701,811, but the actual figure was \$50,357,018.11

Page 65: 2nd column, under section 'D LOAN APPROVAL', the 2nd bullet, 2nd line, 'signed-off' should be 'sign off'.

Matters Arising

There were no matters arising from the Minutes.

The motion for adoption was then moved and seconded by Ms. Mariamne Samad and Mrs. Greta Allen-Stone respectively.

Introductions

After the President introduced members of the Board of Directors, the General Manager welcomed and introduced the specially invited guests as follows:

Rev. Fr. Michael Lewis	- Sodality Co-operative Credit Union
Ms. Christine Mattison	- Department of Co-operatives and Friendly Societies (DCFS)
Mr. Errol Gallimore	- Dept. of Co-operatives and Friendly Societies
Mr. Basil Naar	- Churches Co-operative Credit Union
Mr. Paul Goldson	- Paul Goldson & Associates
Mrs. Vinnette Foster	- First Female Member, COK
Mr. David Wan	- CUNA Mutual Insurance Society
Ms. Phillipa Beckford	- CUNA Mutual Insurance Society
Mr. Neville Rhone	- Former General Manager, COK
Mr. Patrick Chin	- Partner, KPMG
Mr. Glenworth Francis	- General Manager, JCCUL
Mr. Neville Graham	- Lobbyist, JCCUL

Board of Directors' Report

Vice President, Mr. Albert Morris, assumed the Chair to allow the President to present the Board's Report.

In presenting the Board's Report, the President said it was the view of noted financial analysts that the year under review was the most difficult for the economies of the world since World War II, with the combined impact of high oil prices and the collapse of the international financial market creating a devastating worldwide recession. Jamaica did not escape the negative impact of the recession as it experienced significant job losses, reduced credit facilities, decline foreign inflows from bauxite, tourism and remittances. COK being such a large credit union with membership drawn from all income groups and sectors, was fully exposed to the impact of the recession on its members and the challenges of operating business in such difficult economic conditions.

The operating results for the year indicated that notwithstanding difficult economic conditions, the organisation realised continued annual growth in four of its five critical areas. At the end of December 2008, Savings stood at \$3.4B, reflecting an increase of 21 per cent as compared to a projected 19 per cent. Shares stood at \$2.6B reflecting an increase of 7.5 per cent as against a 12 per cent projection. Assets of \$7.3B, recording an increase of 10 per cent against a planned 14 per cent. Membership stood at 220,000, reflecting an increase of 5 per cent as against a 5.2 per cent projection. The organisation recorded negative growth in loans and ended the year with a deficit of \$18.3M.

An analysis of this deficit revealed that it was a combination of the decline in interest income of \$115M due to a significant shift by members from borrowings to savings, high growth in deposits and redundancy payments to 14 former employees.

The President outlined a number of corrective measures which the Board had put in place to reverse the adverse situation and return the organization to a financially viable path:

1. Reduced staff size by nine officers and five managers to match current and expected level of business.
2. Implemented a more stringent operating cost management system to contain costs.
3. Revised the organization's business model to be cost effective and more marketing and sales focused.
4. Implementation of a risk management mechanism to reduce operational risks and comply with regulatory guidelines.
5. Intensified the pursuit of new business opportunities to diversify the organization's source of income and reduce the threats from the broadened competition for the shrinking pool of borrowers in the city of Kingston.

In expanding on some of the measures being pursued, the President noted that the Cambio service was now extended to all branches; COK Remittance Services Limited has been established and registered as a new company representing a number of remittance agents from overseas, with 16 locations paying out to members and prospective members throughout the island; and a new agency relationship is being pursued with Jamaica National. As a result of the measures implemented, the organisation had realised an operating surplus of \$17M in the first quarter of 2009.

Safety and Soundness

The President highlighted the need to intensify the pursuit of new business as a means of diversifying the income source of the

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

organisation from total reliance on loan and loan interest and to build up and increase its revenue from services. Toward this end, he noted that the organisation has been looking at various avenues, some of which were previously mentioned, others of which are being pursued within and outside the Credit Union Movement. However, as soon as progress is made, it would be discussed with members.

Strategic alliances with other credit unions and organisations were also actively being pursued. This would also be discussed with the members at the appropriate time.

Bank of Jamaica Supervision

Discussions regarding plans for the supervision of credit unions are continuing between representatives of the JCCUL, the Government and the Bank of Jamaica. The Movement had not been informed of an implementation date, but the Board had been following the matter closely and has been adjusting COK's mode of operation to comply with the prudential guidelines of Bank of Jamaica and all other relevant regulatory organisations.

Delinquent Loans

The organisation's challenge to control and contain delinquent loans at industry standard of 5 per cent of total loans, resulted in COK achieving at year end 7.2 per cent. This intensive effort to control and contain this monster continues, and the President implored the membership to co-operate in this regard.

Charged off Loans

In accordance with the PEARLS standard which deemed that delinquent loans 12 months and over should be removed from the active loans ledger. The loan balances totalling \$135M as of 2009 December 31, was recommended by the Board to be charged-off. A total of \$27.6M was collected from charged-off loan balance during the year under review.

Permanent Shares

The President noted that in keeping with International Financial Reporting Standard (IFRS), the organization's audited accounts have been qualified annually as members' Voluntary shares are treated as share capital instead of liabilities. However, the IFRS treatment of Voluntary shares plus liabilities had been approved by the World Council of Credit Union and all local credit unions were required to adapt to this change by the end of 2009. In keep-

ing with internationally recognized standard, COK was obliged to move to the establishment of permanent share capital.

At this point, the President explained that with the introduction of permanent shares, COK would have to introduce three major changes, namely, member qualification will be based on members' subscriptions being fixed values of permanent shares in the credit union; it would only be refundable to persons who cease to be members of the credit union.

The President further explained that a few years ago, COK had set aside \$120M for this purpose, but recent analysis indicated that because of the size of COK, it needed \$396M to lift the institutional capital to the desired level of financial soundness. It was therefore proposed that the balance of \$276M could be raised from \$2,000 subscription from each member's existing voluntary shares account towards the permanent share capital. He, therefore, appealed to members to accept the recommendation by supporting the resolution which would be presented later during the meeting. He reaffirmed that members would be refunded the \$2,000 if and when they ceased to be a member.

The President also explained the consequences of not adhering to IFRS, pointing out that the credit union was now operating a global village where safety and soundness of funds was important and regulatory authorities like the BOJ, JCCUL and the Financial Services Commission (FSC) were monitoring their activities in order to remain relevant, consequently, the organisation had to conform to the standards.

The President said there was \$2.6B in voluntary shares, but this was not regarded as permanent shares, but a liability, as it could be withdrawn at any time. He said the timeline of 2009 December 31 for members to qualify was just a target date which could be reviewed, but the Marketing Department was being mobilised to ensure that all members were fully educated as to what was intended.

He said whatever interest which might have accrued on the \$120M which was set aside for permanent shares many years ago would have been ploughed back into the organization as this \$120M was loaned to the members.

At the end of the discussion on the permanent shares, members expressed confidence in the Board's ability to do what is right for the organisation.

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

Human Resources

Staff

During the year the jobs of 14 members of staff were made redundant, and all relevant obligations in accordance with the labour laws were met. The credit union expressed thanks to those staff members and wished them well in their future undertakings.

Senior Management Changes

Mr. Michael Steele was recruited to fill the position of Deputy General Manager Marketing and Business Development. After 6 years as General Manager of the Credit Union, Mrs. Brenda Cuthbert demitted office on the 2009 February 6. Under her leadership the credit union continued its aggressive growth and development path, especially in the areas of membership, savings, branch expansion and the upgrading of the head office complex.

On 2009 February 7, Mrs. Jacqueline Mighty assumed the position as General Manager of COK. As a chartered accountant, she has brought a wealth of training and experience to her new post. Prior to her appointment, she served the credit union as a volunteer for over 10 years, four of which as Treasurer and more recently as Deputy General Manager Operations and Special Projects.

The Board, on behalf of the management, welcomed both Mr. Steele and Mrs. Mighty in their new positions and thanked Mrs. Cuthbert for the valuable service which she gave to the credit union.

Volunteers

During the year Mrs. Jacqueline Mighty resigned as director and Mr. Franklin Moodie was appointed as a director to fill the vacancy. Prior to his appointment Mr. Franklin Moodie was Chairman of the Supervisory Committee.

Ms. Karen Adair served as a director for eight years and was up for re-election but she declined to seek re-election.

Ms. Carolene Lake served as a member of the Credit Committee for several years and was up for re-election, but she also declined to seek re-election.

On behalf of the members, the Board thanked Ms. Carolene Lake and Ms. Karen Adair for their services and welcomed Mr. Moodie to the Board.

At this point a citation was read and presented to Mr. Albert Morris

for his contribution for founding the City of Kingston Co-operative Credit Union Limited.

Honorary Director:

Albert (Bertie) Morris, the founder of the Credit Union celebrated his 80th Birthday in 2009 April. He was retiring as Director and qualified for re-election. Having made such a monumental, selfless contribution to the COK family, the Directors agreed that they should create for him a special place of honour on COK's Board where his wealth of knowledge would be available to the organization. Towards this end, the Directors proposed that Albert Morris be appointed an Honorary Director of COK.

The motion was moved by Mr. Joscelyn Jolly, President and seconded by Mr. Christopher Robinson, Treasurer. The motion was unanimously carried.

Acknowledgements

The Board placed on record, its appreciation to all volunteers, staff, professional services providers and all others who had assisted them in surviving another challenging year.

To the members the Board recorded its sincere thanks and appreciation for the confidence they have shown in allowing them to serve the organization.

Discussion on Report

Mr. Garth O'Sullivan enquired whether the conferring of Honorary Director on Mr. Morris would necessitate a rule change. The President said communication from the Department of Co-operatives and Friendly Societies indicated that since it was an honorary position, it did not require a rule change and Mr. Morris would have no voting rights as an ordinary member, but he could always share his experience and expertise with the Board when so desired.

Mr. Garth O'Sullivan expressed the hope that due diligence would be observed in dealing with future loans in an effort to keep delinquency under control. He was also of the view that enough information was not recorded about the former General Manager, Mrs. Brenda Cuthbert. The President noted however, that the same appreciation was accorded Mrs. Cuthbert as all past General Managers, two of whom were present at the meeting.

In response to Mrs. Sheila Goulbourne's query as to whether the Mandeville Branch had been opened and performing to

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

expectations, the President said all the branches, including Mandeville, had been doing well and growth was quite encouraging.

Mrs. Sheila Goulbourne further questioned whether safety and soundness was taken into consideration when the credit union employed Mrs. Mighty in a dual role, thereby necessitating the Registrar from the DCFS to consider it a breach of the Co-operative Societies Regulations and the expenditure of \$4M as a result of the breach.

The President explained that no money was paid out. There was a disagreement in interpretation with the Registrar of the DCFS and based on legal advice which the credit union sought, it was discovered there was no breach.

In respect to another breach which was noted in the Registrar's letter, the President explained that having got approval from BOJ to register a company, they did not know they had to seek permission from the Co-operative Department and steps had been taken to amend the rules accordingly. There was further input from Mrs. Ethlyn Norton-Coke, Mr. Michael Martin and Mr. Errol Gallimore from the office of DCFS seeking to clarify why and how the breaches occurred. Mr. Gallimore said that there was no conflict of interest, just a concern that Mrs. Mighty was performing the duty for which she was paid while she was the Treasurer of the credit union and there was no impropriety in the payment of \$4M. The DCFS and the Board had come to an amicable agreement with both matters.

In replying to a member's concern that any changes in operation should be communicated to members through the post rather than by an employee, the President said this was being seriously addressed by the credit union.

Responding to a query from a member, the President observed that there was a new window of business which dealt with Pay Day Loan and this could be discussed with the Marketing Department.

There being no further discussions, the Board's Report was adopted on a motion moved and seconded by Mr. Garth O'Sullivan and Ms. Nadine Brown respectively.

Treasurer's & Auditor's Report

In presenting the Report for the year under review, the Treasurer said challenging might be a mild word to describe the year 2008, as many of the difficulties experienced in this period were already outlined in the Board's Report. Most of these difficulties were caused by the worldwide recession and so impacted negatively on

the economy generally and COK in particular. Chief of which was remittance inflows to Jamaica. This was followed by the decline in the bauxite industry resulting in at least one bauxite company closing its plant due to price reduction on the world market, a 14 per cent devaluation of the Jamaican dollar and the crash of two big alternative investment schemes which affected a lot of ordinary Jamaicans doing business with COK.

However, the credit union did achieve some level of growth in four of five critical areas. These were Investments which grew by 48 per cent; Assets by 10 per cent; Shares by 7 ½ per cent and Savings Deposit by 21 per cent. However, the level of growth anticipated in the very critical area of the loan portfolio was never achieved and since the main source of income for the credit union was interest on loans paid by the members, this had an adverse impact on the overall situation which saw the credit union disbursement of loans falling by 83 per cent of expected target and repayments exceeding disbursement.

The next difficulty faced by the credit union was delinquency. It was the Board's objective to keep the delinquency level within the 5 per cent as per the international standard and a number of things were done to try and achieve this, with senior management being assigned to the portfolio and the engagement of two collection agencies, but while the 5 per cent was not achieved, a small reduction was achieved.

It was noted that motor vehicle loans formed the bulk of the delinquency and the credit union had to be seizing these vehicles and offering them for sale in order to recover the loans.

Another challenge faced by the credit union was the declining interest income. Simply put, it meant that because of the competitive nature of the financial industry, funds which were acquired at 12 per cent could no longer be loaned at say 19 per cent, but 13 – 14 per cent.

Expenses

Operating expenses was yet another challenge the credit union had to face as this ended up 6 per cent over 2008 budget and so the credit union was forced to implement stringent cost cutting measures to realign cost to income ratio and the full impact of these should be realized in 2009. Having listed the challenges faced during the period under review, the Treasurer then turned his attention to the responses to the challenges which they

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

confronted. To overcome the income difference, loans were targeted to special groups. One Hundred and Fifty Million Dollars (\$150M) from external borrowings was refinanced from 14 to 9 per cent and delinquency portfolio was strengthened by senior management staff and additional collectors and earlier monitoring of delinquent loans. Another cost containment measure was the reduction of overtime and the severing of 14 members of staff due to organisational re-structuring.

The Future

For the future, depending on whichever analyst one listened to, there could either be some level of moderate success from the global financial crisis in the latter part of 2009 or early 2010, but for COK there were a number of initiatives they were focusing on for the future. These included:

- Marketing Department to be more sales focused.
- Branches to be service centres aimed at delivering quality member service to the business brought in by the Marketing Department.
- To continue product review and rationalization.
- Reviewing interest on some loans to remain competitive.
- Reviewing fee structure to ensure that the income earned is adequate.
- Implementation of Permanent Shares Capital to ensure long term viability of the organization.

At this stage the Treasurer invited Mr. Patrick Chin, KPMG Partner, to read the Auditor's Report, which he did.

The Treasurer pointed out that the qualification in the Auditor's Report was as a result of the credit union not presenting its financial statement in accordance with the new IFRS, but as soon as the resolution on permanent shares was passed, there would be no further need for this qualification.

In summarizing the Balance Sheet, he said Loans stood at \$4.4B, Investment at \$1.8B, Cash and other liquid securities stood at \$0.14B; Receivables of \$.5B and Fixed Assets of \$0.30B. Liabilities were listed as Savings and Deposits of \$6B; Payables of \$0.6B; Reserves of \$0.115B and Institutional Capital of \$0.576B. Income for the year which included loan income, investment income from credit cards and fees totalled \$1.2B, but Expenses totalled \$1.53B resulting in an overall deficit of \$18.3M on the operations for 2008.

The Treasurer ended his presentation by thanking all the different individuals and institutions who assisted him in the preparation of the report. These included members of the management and staff of the credit union, volunteers, staff of the DCFS, JCCUL and the Auditors, KPMG. He noted that while 2008 was a challenging year, the first quarter of 2009 had started to show resulting effect of some of the actions taken during 2008.

Discussions on Treasurer's Report

Following the presentation of the Report, a number of questions were directed at the Treasurer. He admitted that because of the weak performance of the Jamaican economy, the \$64M projected earnings for 2009 may not be realized as remittances and expenses associated with it, as well as bad debt provision may have to be revisited. However, he expressed optimism based on the performance for the first quarter of 2009.

He also stated that while COK was the largest credit union, it did not mean they should pay the highest interest rates on shares as many variables were involved as some of the other credit unions may be in-house credit unions and do not have the overhead cost that COK had.

He acknowledged that interest rates on loans were up for review, but this would be in line with market rates and he also agreed that while the credit unions offered a better deal than their financial competitors, he felt more aggressive communication was needed to get this across to the general public. For instance, the Marketing Department was now reaching out to micro business people in small communities to advise them of the benefits they can get from being a member of the credit union.

On the question of delinquency, the Treasurer said a list of names were available to any member who wished to view it and assist where possible.

Some concerns were expressed about the composition of the Board, but the Treasurer stated that any member of the credit union could be elected to the Board as long as they passed 'a fit and proper criteria'.

Mr. Rupert Daley suggested that the credit union strongly encourage the entrepreneurial spirit by forming a team to advise members especially youth members on starting new businesses.

Mr. Michael Burke congratulated the Treasurer and the Auditor for

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

presenting a simple and teacher-like audit report and he hoped such an approach would be adopted by other credit unions.

Motion for the adoption of the Report was then moved by Ms. Melrose Byfield and seconded by Mr. Harold Stewart.

BREAK WAS TAKEN AT THIS STAGE

Credit Committee Report

The Credit Committee Report was taken as read on a motion moved by Mr. Garth O'Sullivan and seconded by Mrs. Aloun Ndombet Assamba. There being no questions, the motion for adoption was then moved by Mr. Dennis Hickey and seconded by Mrs. Jacqueline Daley.

Supervisory Committee Report

The Report was presented by the Chairman, Mrs. Arlene Linton. She outlined the purpose of the Committee and noted that there was general adherence to established policies and procedures. Their major concern however, was fraudulent activities relating to identity theft, but felt confident that recommendations were in place to deal with it.

She said the Committee was grateful for the guidance of the past chairman, Mr. Franklin Moodie, who was elevated to the Board of Directors. She acknowledged the support of the Board, Management and Staff and thanked the members who afforded them the privilege to serve.

There being no questions, the Report was adopted on a motion moved by Mr. Garth O'Sullivan and seconded by Mrs. Margaret Morris.

Delegates Report of the AGM of the Jamaica Co-operative Credit Union League

The report was presented for information only.

Budget

The Treasurer pointed that the budget for 2009 was also presented for information.

Proposal for the Fixing of Maximum Liability to 2009 December 31

In keeping with Rule 70, it was proposed that Maximum Liability to 2009 December 31, be set at \$7B; being 200 per cent of Shares and Reserves, projected at \$3.5B.

This was adopted on a motion moved by the Treasurer, Mr. Christopher Robinson and seconded by Mr. Dennis Hickey.

Elections

The Elections were presided over by Mr. Errol Gallimore from the DCFS and the results were as follows;

Board Of Directors – (For 2 years)

Ms. Carol Anglin
Mr. Patrick Lawrence
Mrs. Debbie-Ann Gordon Crawford
Mrs. Aloun Ndombet Assamba
Mr. Franklin Moodie

Credit Committee – (For 2 years)

Mr. James Wood
Mr. Ralston Hyman
Mr. Erell Crooks
Mr. Irvin Errol Gregory

Supervisory Committee – (For 1 Year)

Dr. Heather Lawson Myers
Mrs. Jacqueline Daley
Mr. Arnold Breakenridge
Mr. Clive Medwynter
Ms. Phillipa Edwards
Mr. Everett Hyatt
Ms. Herma Walker
Mrs. Myrna Watts

Delegates to the Jamaica Co-operative Credit Union League (For 1 Year)

Delegates

Mrs. Jacqueline Mighty
Mr. Joscelyn Jolly

Alternate Delegates

Mr. Christopher Robinson
Ms. Carol Anglin

Motion for acceptance was moved by Mrs. Aloun Ndombet Assamba and seconded by Mr. Erell Crooks.

MINUTES OF THE FORTY-SECOND ANNUAL GENERAL MEETING (cont'd)

Jamaica Fisherman's Co-operative Union

Mr. Al Chambers
Mr. Neville Rhone
Mrs. Jacqueline Mighty

Motion for acceptance was moved by Mr. Albert Stewart and seconded by Mr. James Wood.

The President thanked Mr. Errol Gallimore for his assistance and he congratulated the re-elected members and welcomed new members to the team.

Resolutions for Amendments of Rules

Before the Resolutions were put to the meeting, the Assistant Secretary, Miss Carol Anglin, pointed out the following corrections:

Page 5: 2nd column, 7th line, the word 'two representatives' should be 'one representative'.

Page 6: 2nd column, 5th line down, delete the words 'from any source'.

Page 7: 3rd line from the bottom that starts with 'Dated', the date is missing. It should read, 'Dated this 13th day of May, 2009.'

After which the Assistant Secretary led the meeting through the resolutions which dealt with the Amendment of Rules in order to establish Permanent Shares which required two-thirds of the members who were present and voting. The Resolution which is herewith included was passed with 136 for, 8 against and 3 abstentions.

During the reading of the Resolutions, Mr. Michael Burke moved a motion which was seconded by Mr. Leon Edwards, that because of the time and the numbers present, the Resolutions be deferred to a Special General Meeting. The motion was defeated.

The Resolution which would mandate the Board to effect the transfer of \$2,000 from each member's account to the permanent shares, did not require a vote. However, it was put forward by the Chairman on behalf of the Board of Directors and unanimously passed.

Any Other Business

There were a number of suggestions coming from the floor and were as follows:

1. Due to the financial constraints future AGMs should be held at COK's head office. The Chairman indicated that consideration could be given to the suggestion.

2. COK should consider offering a medical plan as arrangements with the present provider is not working.

3. COK improves its communication, in a timely manner, with its membership.

Termination

In bringing the meeting to a close, the President observed that the discussions surrounding the letter from the Registrar in relation to the perceived breach regarding the then Treasurer being appointed General Manager, was somewhat unfortunate. While it was established that there was no impropriety or dishonesty intended in the compensation which was paid to the General Manager, he felt the organization owed her a depth of gratitude for the excellent work she did during the period. To this the meeting responded with a round of applause.

Having completed the agenda, the meeting was terminated at 9:55p.m.



A view of the 42nd Annual General Meeting

MINUTES OF SPECIAL GENERAL MEETING

MINUTES OF SPECIAL GENERAL MEETING OF THE CITY OF KINGSTON CO-OPERATIVE CREDIT UNION LIMITED HELD ON WEDNESDAY, 2009 OCTOBER 28, AT THE OFFICES OF THE CITY OF KINGSTON CO-OPERATIVE CREDIT UNION, 66-70 SLIPE ROAD, KINGSTON, COMMENCING AT 3.01 P.M.

Ascertainment of Quorum

The Special General Meeting was called to order by the President, Mr. Joscelyn Jolly after he ascertained that there was a quorum. The prayer of St. Francis of Assisi was said by everyone.

Apology for Absence

Apologies were tendered on behalf of Debbie-Ann Gordon Crawford - Director, Mr. Errol Beckford, Member of the Credit Committee and Mr. Harold Stewart, Past President of COK.

Welcome

The General Manager extended welcome to all Directors, volunteers, members and especially the following persons:

Monsignor Michael Lewis	- Director, Sodality Co-operative Credit Union
Mrs. Susan Thompson	- Assistant General Manager, Corporate Services, (JCCUL)
Ms. Yvonne Ridguard	- President, JCCUL and Caribbean Confederation of Credit Union (CCCU).
Ms. Juliet Shim	- JCCUL
Ms. Sandra Thompson	- St. Catherine Co-operative Credit Union
Ms. Caret Williams	- St. Catherine Co-operative Credit Union
Mr. Garth O'Sullivan	- COK Pension Fund Trustee
Ms. Christine Matheson	- Department of Co-operatives & Friendly Societies (DCFS)
Mr. Oneil Burke	- DCFS

The President, in extending his own welcome to members, thanked them for responding to the invitation to attend the Special General Meeting. He explained that over the past five years COK had been pursuing opportunities for strategic alliances to strengthen its future viability. This search brought it in contact with Sodality Co-operative Credit Union which had challenges in fulfilling the required mandate of its bond. With the growing challenges of operating a credit union in a highly competitive business environment, negotiations began in earnest in 2008 with Sodality, JCCUL and COK. In discussions with both the Registrar of Co-operatives and the JCCUL, this summarised agreement was reached:

- That Sodality Co-operative Credit Union would agree to transfer its engagements, assets and liabilities to City of Kingston Co-operative Credit Union in pursuit of a merger.
- That City of Kingston Co-operative Credit Union at a meeting like this would accept Sodality's Co-operative Credit Union transfer of the engagement.
- That the decision would be taken to change the name of City of Kingston Co-operative Credit Union to COK Sodality Co-operative Credit Union in order to retain and recognize that pride of place which Sodality Co-operative Credit Union had earned over the years.
- To approve an expanded bond which would incorporate the bonds, with minor adjustment, of City of Kingston Co-operative Credit Union and Sodality Co-operative Credit Union.
- To maintain the existing branch of Sodality at its existing location for at least one year and to retain the staff members of Sodality in the first instance for a minimum of a year.

At this point the meeting was opened for discussion. On a point of clarity, Mr. Michael Burke noted that there would be no more City of Kingston, but COK would be retained because of size, and Sodality because of origin.

Mrs. Bowen-Gray voiced concern at the small number of members present to vote on such an important matter, but the Chairman explained that there were certain minimum requirements in terms of attendance at Special General Meetings, which would qualify for passing resolutions and making changes, and while everybody was invited, they had the legal requirements to deal with the business of the organization.

However Mrs. Bowen-Gray observed that closure of the COK branches might have generated a larger attendance at the meeting.

Mr. Ralph Chen noted that Sodality Co-operative Credit Union was the oldest credit union in the country and given its history, he thought the merger would be beneficial to all concerned and therefore deserved the fullest support of everyone.

The Chairman invited Mrs. Aloun Ndombet Assamba, a Director, to guide the meeting through the Resolutions.

Mrs. Ndombet Assamba, in presenting the Resolutions, indicated that there were three resolutions to be passed. The first one related to accepting the transfer of engagement. The second related to the amendment of the rules to change the membership of the credit union and to allow for the widening of the bond which would be both geographic and associational, a first in Jamaica; and the third related to increasing the number on the Board of Directors from 9 to 11.

MINUTES OF SPECIAL GENERAL MEETING (cont'd)

In case of Resolutions 1 and 2, a vote of 75 per cent of those present and voting was required and the third resolution just required a simple majority, which meant half of the members present, plus 1.

The first Resolution which was moved by the Secretary, Dr. Karen Asher-Osbourne and seconded by Director Mrs. Aloun Ndombet Assamba read as follows:

Whereas City of Kingston Co-operative Credit Union Limited (hereinafter referred to as "COK") is a Co-operative Society registered under the Co-operative Societies Act,

And Whereas Sodality Co-operative Credit Union Limited (hereinafter referred to as "Sodality") is a Co-operative Society registered under the Co-operative Societies Act,

And Whereas the operations of Sodality are under Supervision by the Jamaica Co-operative Credit Union League Limited,

And Whereas the viability and future operations of Sodality are threatened,

And Whereas there is great value and merit to COK assuming the engagements of Sodality, the oldest Credit Union in the English speaking Caribbean, with its wealth of history and wide geographic coverage,

And Whereas Sodality has passed a Special Resolution dated September 27, 2009 to transfer its engagements to COK

And Whereas COK, with approval of the Jamaica Co-operative Credit Union League Ltd., has agreed to undertake to fulfil the engagements of Sodality

And Whereas section 53(2) of the Co-operatives Societies Act provides that a registered Society may by Special Resolution transfer its engagements to another registered Society which may by Special Resolution undertake to fulfill the engagements of that Society

Be it resolved:

"THAT this meeting of the members of City of Kingston Co-operative Credit Union Limited hereby resolves to accept the transfer of the whole of the stock, property and other assets and all engagements of the Sodality Co-operative Credit Union Limited and City of Kingston Co-operative Credit Union Limited agrees to undertake to fulfil the engagements of that Society, in consideration of City of Kingston Co-operative Credit Union Limited issuing to each member of Sodality Co-operative Credit Union Limited paid up shares equal to the amount standing to the credit of each member

in the share ledgers of Sodality Co-operative Credit Union Limited on the date when the transfer of engagements become effective."

This resolution was passed with 161 voting for out of a total of 193 members present.

The second resolution was in two parts. The first part was for the change of name and the second part was to amend the bond, to allow for it to become a geographic as well as an associational bond.

This resolution moved by the Secretary Dr. Karen Asher-Osbourne and seconded by Director Mrs. Aloun Ndombet Assamba, read as follows:

1. Whereas the City of Kingston Co-operative Credit Union Limited (hereinafter referred to as "COK") with approval of the Jamaica Co-operative Credit Union League Limited, has agreed to undertake to fulfill the engagements of Sodality Co-operative Credit Union Limited (hereinafter referred to as "Sodality");

And Whereas pursuant to the transfer of engagements from Sodality to COK and upon acceptance by COK to undertake to fulfil the engagements of that Society

And Whereas section 11 of the Co-operatives Societies Act provides that a registered Society may amend its rules, including the rules which declare the name of the Society.

And Whereas Article 1 Rule 1 of the Rules of COK states:

"The name of the Society shall be City of Kingston Co-operative Credit Union Limited."

Be it resolved that Article 1 Rule 1 of the Rules of COK be amended as follows:

"The name of the Society shall be **COK Sodality Co-operative Credit Union Limited**"

2. And Whereas Article II Rule 4 of the Rules of COK states that:

"Membership in the Society shall be limited to

a. Persons working or living in the Corporate Area, or other Co-operatives;

b. Relatives of members who qualify under (a) above not withstanding their place of abode – provided that relatives include mother, father, brother, sister, son, daughter, aunt, uncle, husband, wife, niece and nephew."

MINUTES OF SPECIAL GENERAL MEETING (cont'd)

Be it resolved that Rule 4 of the Rules of City of Kingston Co-operative Credit Union Limited be amended as follows:

"Membership in the Society shall be limited to:

- a. Persons of the Catholic Faith;*
- b. Persons working or living in Kingston & St. Andrew;*
- c. Employees of the Society;*
- d. Relatives of members who qualify under (a) and (c) above, provided that relatives include Mother, Father, Brother, Sister, Son, Daughter, Aunt, Uncle, Husband, Wife, Niece, Nephew and Grandparents; and*
- e. Other Co-operatives."*

The resolution was passed with a vote of 167 for out of a total of 193 members.

The third resolution to increase the number of persons on the Board was also moved by the Secretary, Dr. Karen Asher Osbourne and seconded by Director Mrs. Aloun Nombet Assamba and read as follows:

3. Whereas pursuant to the transfer of engagements from Sodality to COK and upon acceptance by COK to undertake to fulfill the engagements of that Society it is deemed desirable that two (2) members of Sodality be appointed to the Board of Directors of COK;

And Whereas Article VIII Rule 33 of the Rules of the COK provide for the appointment of a minimum number of five (5) directors; and

And Whereas there are at present nine (9) directors appointed to the Board of Directors of COK

Be it resolved:

"THAT the number of directors of COK Sodality Co-operative Credit Union Limited shall be increased from nine (9) to eleven (11)."

This resolution, where no counting was necessary as stated by the Representative from DCFS was unanimously passed.

Any Other Business

On being advised of the passing of Mr. Alvin Nicholls of St. Vincent and the Grenadines, a CCCU member, the meeting observed a minute's silence.

Mr. Michael Burke expressed pleasure at the passing of the resolutions, especially the second resolution which related to the name change, as he was the original mover of it at Sodality.

Mr. Garth O'Sullivan's suggestion that every Manager's picture should be on the walls of the foyer and not in the Board room of both buildings was also noted by Management.

With respect to the second resolution, Ms. Coleen Williams queried why in Item (d) where it said: "relatives of members who qualify under (a) and (b)" if it should not have been (a) and (c).

The Chairman explained that the matter was discussed at length and the final decision taken was that with the expanded bond of the members of the Catholic faith, which is not limited to Roman Catholic, but to the persons who are believers in Christ.

At this point Mr. Michael Burke mentioned that there was a plan to set up a Father John Peter Sullivan Foundation which would be promoting education of credit unionists.

Adjournment

The meeting was adjourned at 4:25 p.m. on a motion moved by Mr. Michael Burke and seconded by Mr. Garth O'Sullivan.

BOARD OF DIRECTORS



Joscelyn Jolly (Mr)
(PRESIDENT & CHAIRMAN)



Carol Anglin (Ms)
(VICE PRESIDENT)



Christopher Robinson (Mr)
(TREASURER)



Karen Asher-Osbourne (Dr)
(SECRETARY)



Al Chambers (Mr)
(ASSISTANT TREASURER)



Franklin Moodie (Mr)
(ASSISTANT SECRETARY)



Debbie-Ann Gordon-Crawford (Mrs)
(DIRECTOR)



Aloun Ndombet Assamba (Mrs)
(DIRECTOR)



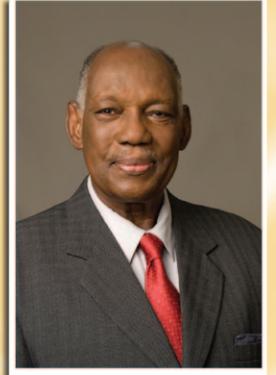
Patrick Lawrence (Mr)
(DIRECTOR)



Trevor Blake (Mr)
(DIRECTOR)



Monsignor Michael Lewis
(DIRECTOR)



Albert Morris (Mr)
(HONORARY DIRECTOR)

BOARD OF DIRECTORS' REPORT

Overview

The year ended December 31, 2009 was another challenging but historic year for our organisation. After a protracted period of negotiation, approval was given by members for the creation of a new chapter in local credit union history through the merger of the businesses of Sodality Co-operative Credit Union Limited and City of Kingston Co-operative Credit Union Limited, under the new name of COK Sodality Co-operative Credit Union Limited as of November 1, 2009. This merged entity assumes the assets and rights of the former entities and represents a major strategic initiative by the directors to ensure the future viability of the business. Your directors are, therefore, honoured and privileged to have served this august body during this momentous year.

Economic publications revealed that, as a result of the global economic crisis, the world's economy shrunk by 0.8 %, advanced economies like the United States of America contracted by 2% and the economies of the Caribbean Region contracted by 2.2% during the year 2009. In our country, the impact of this economic crisis was evidenced by continued contraction in economic activities in the public and private sectors, large scale loss of income from job cuts, abnormal growth in delinquent loans, and high levels of anxiety surrounding the uncertainties of the new agreement with the International Monetary Fund and the Jamaica Debt Exchange programme.

Given these factors, your directors focused their attention on policy measures designed to enhance the long term viability of the organisation and to prepare its reports and reporting mechanisms to meet the stringent prudential regulations which are expected from the soon to be introduced Bank of Jamaica supervision.

Analysis of the operating results for the year ended December 31, 2009 indicate that, despite the ravages of the economic crisis, the organisation continued to show positive growth in 4 of 5 critical areas and recorded an improved surplus of \$129.2M in its operations. However this surplus was eroded to a loss of \$37.7M after making a provision of \$126.7M for members' delinquent loans and a one time write off of a total of \$ 40.2M of brought forward and current year upheld costs, and extraordinary items as part of the tidying-up exercise and provision for impairment, to ensure positive evaluations of the organisation's financial status by financial services regulators.

Operating Results

The following table summarizes the operating results of COK Sodality (the credit union) for the year ended December 31, 2009

	Balance 31/12/09	Increase 2009
		%
Assets	\$7.693B	5
Savings	\$6.445B	7
Loans (gross)	\$4.405B	(4)
Investments	\$2.257B	20
Membership	234,000	7

Improvement In Members' Services

Since its inception, COK's operating guidelines have been influenced by an overarching principle of the Co-operative Movement. This is simply the principle of people pooling their financial and human resources together to be managed by them for the improvement of their economic and social well-being. COK Sodality translates this to mean the maintenance of a modern financial services organisation to meet the changing financial needs of its members in a comfortable, cost effective, business-like manner.

Despite the many changes which have taken place in the financial services sector over the years, COK Sodality has consistently upheld this principle. The COK Sodality brand is generally acknowledged for its wide range of financial services delivered by highly trained staff in modern locations throughout the island. In the last quarter of 2009, the Mandeville branch was relocated to more comfortable surroundings in Mandeville Plaza, and in January 2010, our new location at Central Plaza, Half Way Tree, was upgraded to another full service convenient location in the corporate area.

The feedback from members regarding the services and image of the organisation are mainly expressions of pride, commendation and support. Although there are additional costs associated with the offerings of these services, the organisation is committed to maintaining a standard, professional business model in all the branches of which members can be proud, while at the same time holding costs of these services to them at no higher than the rates available at other reputable entities.

Your organisation is committed to playing its part in enhancing the image and reputation of the Credit Union Movement as a valuable part of Jamaica's Financial Service sector.

BOARD OF DIRECTORS' REPORT (cont'd)

Strategic Initiatives for Sustained Viability

During the year the Board continued to implement policy initiatives to enhance the long-term viability of the organisation and for meeting the stringent safety and soundness standards which are likely to accompany the soon-to-be introduced Bank of Jamaica supervision. Summarized below are some of the initiatives.

Profitability Enhancement

The Merger

Over the past 15 years, the sanctity of the "bond" which defines the space and associational environment in which credit unions operate has been progressively eroded, as during this period several credit unions formally expanded their bonds. These expanded bonds allowed some credit unions the freedom to do business island wide, whilst others were restricted from operating outside their traditional bonds. As these bond expansions continued, COK's viability became increasingly threatened as several of the larger credit unions expanded their business activities in the City of Kingston while COK's business activities outside of the City of Kingston were limited to serving only existing COK members or relatives of COK members who resided or worked in Kingston.

All reasonable attempts by COK to have its bond expanded to correct this untenable situation were met with strong resistance from influential persons within the Movement. Faced with this serious situation impeding our growth, it became evident to the directors that a strategy had to be devised to negate this threat. Fortunately Sodality Co-operative Credit union, with a bond which allows island-wide reach, was in the process of contemplating their future direction. During preliminary discussions both parties were convinced that a merger of the organisations would enhance the viability of both organisations, preserve their valuable traditions and extend credit union services to persons who are currently underserved. This merger, under the new name COK Sodality Co-operative Credit Union Ltd, acquires the rights to market the COK brand of services outside the City of Kingston thus enhancing the organisation's opportunity for increased future profitability.

Operations

In addition to the cost containment measures reported to the last annual general meeting, a comprehensive strategic review of the organization was done to ensure that there was understanding of the way forward by staff and volunteers. This review identified opportunities for improved income growth, cost containment,

enhanced delinquency control and improvement of the quality and value of service to members. As mentioned earlier these recommendations were implemented during 2009 and collectively have been impacting positively on the operating results. Notable are the facts that although the interest on loans fell by \$51M over 2008, primarily because of a \$173.25M decline in the stock of loans, the gross revenue for the year increased by approximately \$100M and that operating expenses increased by only 2%, prior to exceptional items, over 2008 although inflation for the year exceeded 10%.

Provision for Doubtful Debts

The issue of delinquent loans has been an ongoing problem for money lending organisations with most reporting abnormal hikes in their delinquent loan portfolios during the year 2009. Surveys indicate that this growth in delinquent loans was influenced by the negative impact of the economic decline which reduced borrowers' abilities to maintain their accounts on a current basis, and reduced the market for the disposal of collateral for loans.

During the year COK Sodality employed several strategies for the containment of delinquency including early in-house contact with late payers, amnesty for delinquent members, outsourcing of collection and frequent auction sales for repossessed collateral. These measures realized a fair degree of success but a significant number of traditionally good loans moved into the delinquent category thus reversing the gains. At the end of the year we had to provide an additional \$126.7M for this category of loans. At the end of December 2009, the balance of these non-performing loans stood at \$383.75M. Although collateral valued at \$938M are held against these loans, the prudential standards dictate that amounts be set aside from the operating surplus as provision against these doubtful debts.

Delinquent loans remain the greatest threat to the viability of COK Sodality at this time and every effort is being made to reduce and contain this monster.

Prudential Adjustments

In preparation for the Bank of Jamaica's supervision of Credit Unions, which is expected to be introduced before the end of 2010, the directors have been paying special attention to the removal of all items from the Balance Sheet which may impair the quality of our organisation's evaluation by the regulators. Towards this end the decision was taken to write off \$40.2M, comprised of

BOARD OF DIRECTORS' REPORT (cont'd)

upheld costs from prior years and extraordinary items for the current year, in the 2009 accounts. It was also decided that no cost will be carried beyond the end of a financial year unless there is clear and certain evidence or justification for subsequent recovery.

Charged off Loans

Members will recall that the PEARLS Standards stipulate that loans which are delinquent for over 12 months and over be removed from the active loans ledger. In accordance with those standards we present loan balances totaling \$82.8M which at December 31, 2009 qualified for such treatment and recommend the approval of this meeting for them to be charged off. During 2009 we collected \$18.2M of the balances which were charged off in previous years.

Human Resources

The human resources side of the organisation experienced some challenges especially regarding issues associated with the restructuring of the organisation. These were, however, resolved amicably through mature leadership on the part of management, employees and the unions. During the year, the organisation continued its programmes of training opportunities for staff and volunteers and the upgrading of technology and physical locations to facilitate personal development and efficient delivery of service to members. We also welcomed six members of staff from Sodality Co-operative Credit union in November 2009.

Management Changes

In keeping with the strategic plan for the organisation a flattened, function-focused management structure was introduced in early 2010. This change necessitated the phasing out of two (2) senior positions, the restructuring and renaming of positions and the selection of persons to fill the vacancies created. In this regard the Directors wish to say thanks to Messrs Ewan Shaw and Michael Steele for their valuable services of eleven (11) and two (2) years respectively, to COK, and extend to them best wishes in their future endeavours.

We also wish to congratulate those persons who were promoted as a result of the change in management structure and look forward to the continuation of their valuable services to COK Sodality.

Volunteers

Mrs. Heather Lawson-Myers has served as a member of the Supervisory Committee for two (2) years and would be up for re-election at this meeting. She has, however, advised that she will not be seeking re-election. Mrs. Lawson-Myers had previously served the Credit Committee for three and a half (3 ½) years during 2003 to 2006.

Ms. Calys Wiltshire and Mr. Patrick Whittock served as members of the Credit Committee for five (5) and six (6) years respectively. Both would be up for re-election at this meeting. They have, however, advised that they will not be seeking re-election.

On your behalf we wish to record thanks to Mrs. Lawson-Myers, Ms. Wiltshire and Mr. Whittock for their services to the credit union.

The Way Forward

The operating results for the year 2009 clearly indicate that the organisation remains strong, and the major safety and soundness indicators are pointing in positive directions. The measures which we have introduced during the past two years to increase revenue streams and reduce cost are already yielding encouraging operating surplus but the delinquent loan factor threatens to negate these gains. The merger offers tremendous strategic opportunities for future growth and increased profitability which are there to be explored.

The task ahead, therefore, is for us to preserve the gains we have made; continue to closely monitor delinquency including the introduction of new measures to reduce and contain this 'beast', exploit the new merger opportunities to expand credit union benefits, to existing members and to persons who are currently underserved, for revenue growth and further strengthening of the organisation; and continue to strive to give exceptional member service.

The issue of delinquent loans continues to be the greatest threat to sustained viability and demands the urgent attention of all of us. It is necessary therefore that we continue with vigilance to protect the gains we have made and continue to take advantage of new opportunities for improved service to our members.

Acknowledgements

We wish to place on record our appreciation to our volunteers, staff, providers of professional services and all others who have assisted us in surviving another challenging year.

To you our members, we record our sincere thanks and appreciation for the confidence you have shown in allowing us to serve this great organisation.



Joscelyn J. Jolly
President

ATTENDANCE AT DIRECTORS MEETING

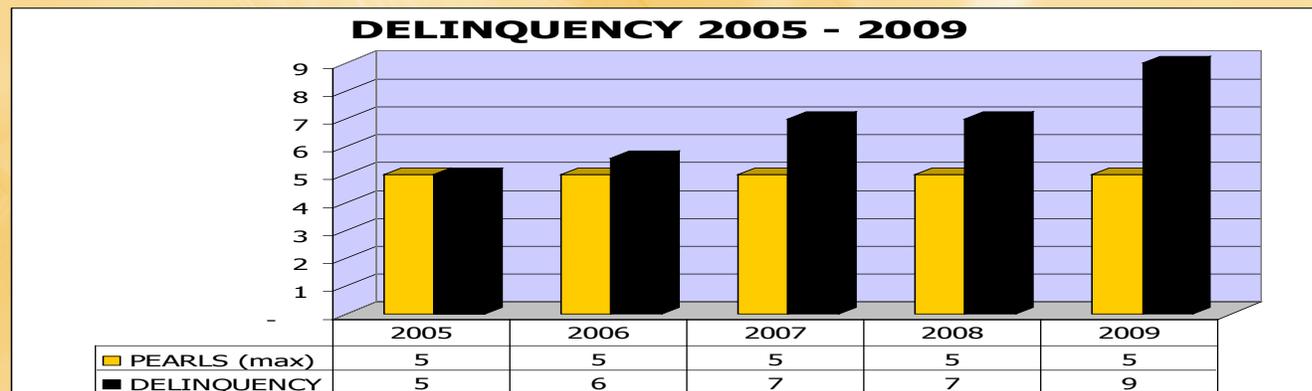
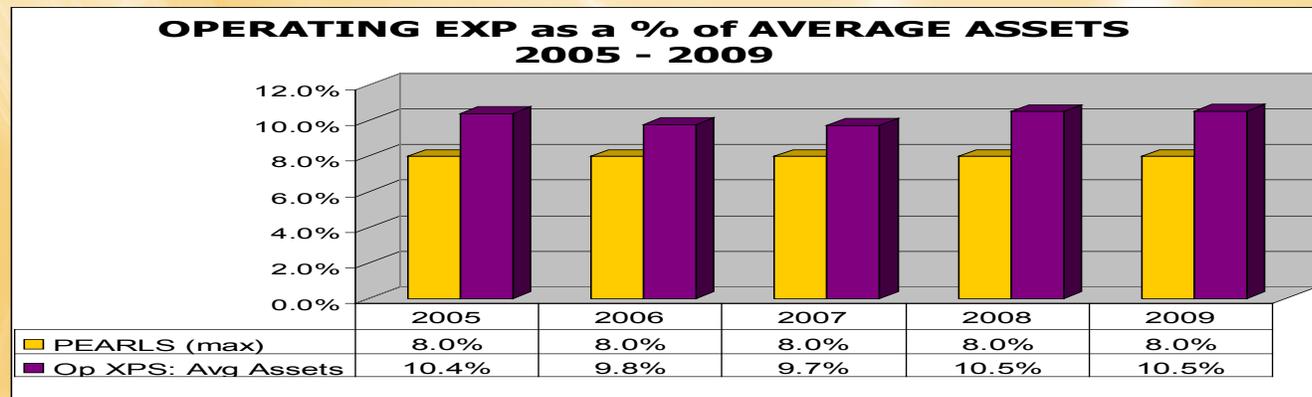
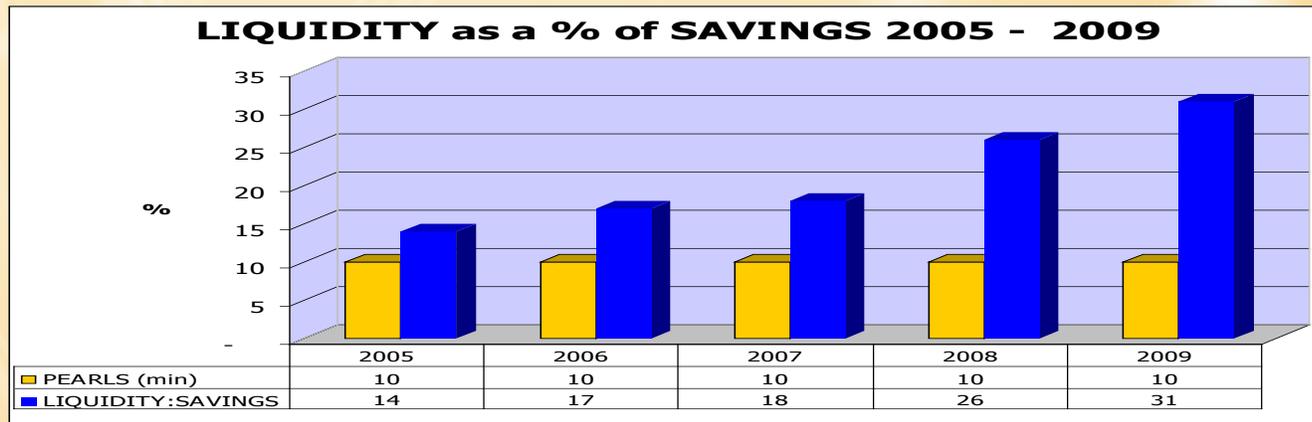
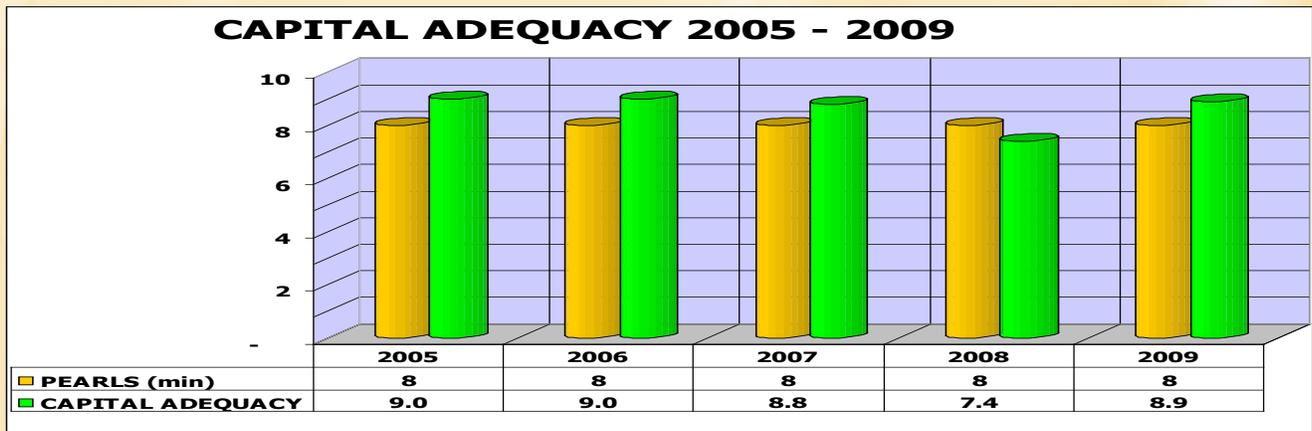
2009/2010

Name	Position	Scheduled Meetings	Meetings Attended	Meetings Excused
Mr. Joscelyn Jolly	President	12	11	1
Mr. Albert Morris	Honorary Director	12	8	4
Ms. Carol Anglin	Vice President	12	12	-
Mr. Franklin Moodie	Assistant Secretary	12	11	1
Dr. Karen Asher-Osbourne	Secretary	12	9	3
Mrs. Aloun Ndombet Assamba	Director	9	9	-
Mr. Patrick Lawrence	Director	9	8	1
Mrs. Debbie-Ann Gordon Cawford	Director	12	9	3
Mr. Christopher Robinson	Treasurer	12	12	-
Mr. Al Chambers	Assistant Treasurer	12	9	3
Mr. Trevor Blake	Director	5	5	-
Monsignor Michael Lewis	Director	5	5	-

PRUDENTIAL INDICATORS

<u>PRUDENTIAL INDICATORS</u>	<u>PEARLS</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
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	55	60	69	71	76
Liquid Assets / Total Assets	max 20	26	21	16	14	12
Financial Investments / Total Assets	max 10	4	4	3	3	3
Total Savings / Total Assets	70 - 80	84	82	79	83	82
Shares / Total Assets	10 - 20	33	35	36	38	41
Institutional Capital / Total Assets	min 8	8.9	7.4	8.8	9.0	9
ASSET QUALITY						
Delinquency (>1mth) / Gross Loan Portfolio	<= 5	9	7	7	6	5
Non-Earning Assets / Total Assets	<= 7	14	14	12	11	10
RATES OF RETURN AND COSTS						
Net Loan Income / Average Net Loan	mkt rate	19	20	20	20	20
Operating Expenses / Average Assets	<= 8	10.5	10.5	9.7	9.8	10.4
Net Margin / Average Assets	> 5	-0.5	-0.3	1.3	2	3
Loan loss provision / Average Assets	cover loss	2.5	2.4	3	2	2
LIQUIDITY						
Liquidity reserves / Total savings deposits	10	31	26	18	17	14
Non earning liquid assets / Total Assets	< 1	1.2	2.0	1.5	0.9	0.8
SIGNS OF GROWTH (YTD)						
Loans (gross)		(4)	(2)	12	14	39
Savings Deposits		13	21	9	34	19
Shares		(1)	7	10	12	13
Institutional Capital		24	9	17	19	30
Membership	5%	7	5	6	8	9
Total Assets	>= inflation	5	10	15	20	23

PRUDENTIAL INDICATORS (cont'd)



**COK SODALITY
MANAGEMENT TEAM**



Jacqueline Mighty
CHIEF EXECUTIVE OFFICER



Michelle Morris
CHIEF FINANCIAL OFFICER



Stephen Walder
HR&L



Shaun Barrett-Radcliffe
MIS



Vevine Cameron
CREDIT



Audia Hoo
MEMBER RELATIONS



Lorraine Green
MARKETING



Anthony Morris
INTERNAL AUDIT



Gaye Ingram-Williams
ACCOUNTS



Sean Cousins
TREASURY & FIN SERVICES



Juliet Henry
BRANCH OPERATIONS



Mark Escoffery
COLLECTIONS (ACTING)



Rexona Christie
FACILITIES & PROCUREMENT



Roger Shippey
REGIONAL BUSINESS

MANAGEMENT REPORT

The report of Management on the operational activities throughout the year 2009 will briefly highlight performance in key areas of the operations and some plans for the new year, 2010.

The social and economic challenges of 2008 continued into 2009, and as a Credit Union we were not insulated from the effects as our members, as well as other stakeholders, were impacted.

Our strategic objective for 2009 was to continue on the path of “growth built on improved internal efficiency”. Our focus on efficiency was primarily through leveraging technology to improve our service to members and to reduce operating costs.

Notwithstanding the economic challenges however, we experienced growth in some critical areas of our operations, despite ending the year with a financial loss.

A brief review of our performance over the last three (3) years is set out below.

Growth Record 2007 – 2009

	2007	2008	2009
Membership:			
Adults	10,847	10,897	12,059
C.A.R.E.S.	2,257	2,242	2,533
Health Cards	318	207	190
Family Indemnity Plans	1,190	1,107	1,138
Golden Harvest Plans	1,548	1,592	1,773
Partner Plans	7,044	8,150	7,481
Pension Plans	93	140	367
Credit Cards	78	40	406
	\$ '000	\$ '000	\$ '000
Golden Egg Savings	560,101	669,920	666,467
Fixed Deposits Savings	2,001,935	2,441,408	2,860,339
Loans Disbursed	2,603,395	2,188,070	2,116,215

	2007	2008	2009
Membership	209,162	220,059	234,651
# of Loans on record	40,920	48,307	48,437
	\$'000	\$'000	\$'000
Permanent Shares	0	0	275,676
Ordinary Shares	2,411,627	2,591,683	2,558,805
Gross Loans	4,690,000	4,578,000	4,405,000
Total Assets	6,700,000	7,340,000	7,692,000
	\$	\$	\$
Average Share Balance	11,530	11,777	10,905
Average Loan Disbursed	114,558	94,771	90,940

More details are addressed in the Treasurer's report.

PRODUCTS & SERVICES

Our savings products include:

1. Partner Plan

	2007	2008	2009
Members in plan	2,365	2,325	2,349
Value	\$53.4M	\$61.1M	\$64.1M

This product is very popular with our members and continues to record a steady growth over the five (5) years since we started. Members can save for periods of 16 weeks; 24 weeks; 36 weeks and 48 weeks and receive a bonus ranging from a ¼ to 2 hands. The Partner Plan is well known for assisting members to fulfill their short term obligations while receiving a bonus on the amount contributed for the consistency in saving.

2. Wealth Maximiser

With a minimum deposit of \$25,000 and an additional saving of up to \$1 million per annum, members may participate in a Wealth Maximiser account. This product is a long term savings plan with

MANAGEMENT REPORT (cont'd)

a tax free benefit if held up to 5 years. As at December 2009, the portfolio closed at \$83.9 million with 205 members.

	2007	2008	2009	Growth
No. of Members	173	187	205	10%
Value	\$57.6M	\$74.9M	\$83.9M	14%

Members saving through the Wealth Maximiser are able to withdraw semi-annually up to 75% of the interest earned.

3. Fixed Deposit

Members may start a Fixed Deposit with a minimum of \$10,000 for maturity at their convenience (30, 60, 90, 180, 365 days) at very attractive rates.

	2007	2008	2009	Growth
No. of Members	11,625	12,904	13,894	8%
Value	\$2.0B	\$2.4B	\$2.8B	17%

4. COK Pension Plan

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

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

Retirement is such an important stage in life, and so we encourage our members who are not currently in the Scheme and who are eligible, to speak to us and start saving early for greater rewards in the later years.

	2007	2008	2009	Growth
No. of Members	830	967	1334	38%
Value	\$36.5M	\$46.7M	\$62.1M	33%

5. Golden Harvest

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

	2007	2008	2009	Growth
New Members	1475	1,615	1,773	10%
Total Members	2872	2,963	3,915	32%
Value	\$218.1M	\$251.9M	\$280.2M	11%

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

A. Family Indemnity Plan (FIP)

This is a great product that every qualifying member should participate in. It carries with it an outstanding feature that allows up to six (6) family members to be insured for the same premium.

This product offers five (5) insurance plans for our members to choose from.

Plan	Benefits \$	Monthly Premium \$
A	80,000	442.40
B	120,000	633.60
C	150,000	792.00
D	250,000	1,320.00
E	400,000	2,112.00

MANAGEMENT REPORT (cont'd)

	2007	2008	2009	Growth
Members	4,091	4,119	5,217	27%

At December 31, 2009 we had 5,217 members enrolled in the FIP.

B. Standing Order Payments

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

	2007	2008	2009	Growth
Members	2,475	1,950	2,270	16%
Institutions Paid	63	67	62	(7.5)%

C. COK Xchange – Cambio Services

Foreign exchange services are available to our membership and customers for their convenience to purchase or sell foreign currency at competitive rates. The organisation is now licensed to operate cambio services in all our six (6) branch locations. This service continues to show great improvement.

	2007	2008	2009	Growth
Amount traded	US\$41.6M	US\$151.4M	US\$83.7M	-45%
Earnings	J\$3.69M	J\$8.9M	J\$13.4M	51%

D. Remittance Services

COK Sodality acts as a sub agent for COK Remittance Services Ltd. (COKRS). Members and potential members may collect their money transfer from any of its 16 locations authorized to pay. For the year in review, COKRS showed growth in both the number of transfers disbursed and the dollar value.

	2007	2008	2009	Growth
No. of Transfers	28,173	39,969	41,644	4%
Value	\$592.4M	\$774.5M	\$820.2M	6%

E. COK Visa Credit Card

COK Sodality in partnership with RBTT Bank Jamaica Ltd. issues a local credit card. Its current interest rate of 39%, is among the lowest in the market.

	2007	2008	2009	Growth
Cardholders	601	530	936	77%
Portfolio Value	\$18.4M	\$18.4M	\$30.3M	65%
Earnings	\$10.6M	\$7.3M	\$12.7M	74%

Human Resources & Learning

Our staff complement at the end of December 2009 was:

Total Permanent Staff	146
Total H.E.A.R.T. Trainees	8
Total Temporary/Contracted Staff	77

Total	<u>234</u>

During the year we carried out a restructuring exercise as we sought to refocus the organisation to achieve the objectives and goals set and to ensure our continued growth and ability to respond to a rapidly changing business environment, one which became more demanding as the year progressed. The staff responded positively to the challenges during the year and remained committed to the organization through what were indeed “turbulent times”.

In November 2009, on the merger with Sodality Co-operative Credit Union Ltd., we welcomed six (6) members of their staff to the COK Sodality family.

We continued, throughout the year, to prepare staff to provide a high level of service to our members, with various training opportunities, both externally and internally. We support the need for training as we see this as the foundation for growth both to the individual as well as the organisation. As further regulation of the financial sector, and primarily the Credit Union Movement, are being planned, we need to ensure that we meet and exceed the requirements of the regulators. Our staff is critical to this process and so we continue to empower them with the knowledge required to achieve this.

MANAGEMENT REPORT (cont'd)

As we strive and commit to serve our members better as "Team COK Sodality" we believe that in 2010 we are better equipped to do so as we commit to continuously improve, trust and work for the benefit of all, in line with our co-operative philosophy.

Marketing & Business Development

During 2009, the Marketing and Business Development Department continued to work hard at expanding the reach of our products and services. The emphasis was on face-to-face promotions as we took our products and services to our members through our participation in a number of promotions and presentations. Through our Staff Incentive Programme – "A Fi Wi Backyard", a competition among staff, we had an exciting period of six months of promotions in Kingston, Montego Bay and Mandeville geared toward increasing membership and product sales. In October 2009 we formally had our bond expanded to include "Persons of the Catholic Faith" which now allows us to offer our products and services to a wider group of persons. We also improved the focus of our programmes and re-fashioned our Liaison Officers programme.

We maintained a strong group of hard-working and dedicated Liaison Officers and we wish to once again use this opportunity to pay tribute to them for the efforts they make in keeping COK Sodality alive and strong in their respective organisations.

Our active list of organisations and officers are listed at the end of this report.

As we look to the Year 2010, we are mindful of the challenges that lie ahead. Despite signs of improvement in the larger international economies, primarily, the United States of America, our local economy, with the heavy debt burden, reduced foreign exchange earnings, increased crime and violence, increased unemployment among other challenges, will not likely see any significant economic improvement in 2010. The financial sector has had to make adjustments to its business model as a result of the recent economic measures introduced by the Government in an effort to improve the country's economic circumstances. The Government has introduced a debt management programme, which is said to be a critical part of its economic agenda. The programme is to form part of the Government's efforts to curtail its borrowing and reduce interest rates. The implication of this on our organisation in the short-term is significant reduction in

our investment income but it also has negative implications on our major source of income, loan interest, as our members and potential members' disposable income reduces.

Despite all these challenges, we are committed to working with our members to weather the storm. To this end, we have planned a number of initiatives for implementation during the year to achieve our core objective of **"improving the well-being of our members"** which include:

- The Launch of Operation Transformation – a programme which has the delivery of an industry-exemplary level of Customer Service as its priority. This will focus on the internal processes and other delivery agents for that level of service which presents COK Sodality as the leader in all markets it serves, by being a member-focused, financially-sound, profitable and technology-driven organisation with a highly competent and motivated team.
- The launch of a special series of members only, "recession proof" seminars called Helping through Empowerment, Learning & Practical Steps (H.E.L.P.S.) – designed to take a holistic approach to helping COK Sodality members cope. This is an example of the type of responses expected of a financial institution which has long enjoyed the support and confidence of a broad cross-section of Jamaican savers, borrowers and investors.
- Rate adjustments on loans and savings products. Identifying new products and improving, as necessary, on those we already have, to meet member needs.
- Investing strategically in areas of national life, including agriculture, education and sports, which encourage and promote wealth creation within a broad cross-section of the population.

Acknowledgements

On behalf of the staff, I wish to express sincere thanks to you our members for your continued support during the year. We ask that you continue to send us your recommendations and even your criticisms so that we can improve in our service to you. We are very cognizant of the fact that, without you, we have no business and so we look forward to being of service to you in the years ahead.

MANAGEMENT REPORT (cont'd)

We also wish to use this medium to pay special tribute to all our volunteers, elected and co-opted, other stakeholders, regulators, supporters and observers who continue to work with us to ensure that we remain a strong, financially sound and viable organization.

In closing I wish to say special thanks to all members of staff who continue to give of themselves day after day in our pursuit of our Mission Statement:

“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”

Yours co-operatively,

For And On Behalf Of The Management



Jacqueline M. Mighty

Chief Executive Officer

ORGANIZATION	LIAISON OFFICER
Accountant General	Elsie Henderson
Advent Deliverance Basic	Leleth Wynter
Agro Grace	Denise Chambers
Albert Reid Basic	Ms. Williams
Allied Protection	Janet Gordon
Allman Town Skills Training	Winston Brown
Alpha Basic	Erica Allen-Lennon
Alpha Infant	Erika Allen-Lennon
Amy Bailey	Ms. Johnson
Arnold Road Methodist Basic	Joyce Lacorbiniere
Auto Craft	Tracey Blake
Avondale Prep	Ms. Robinson
Barco Caribbean	Otis Gilling/Wayne Hunter
Barnes Basic School	Debbie Prince
Beal Industries	Jacqueline Campbell
Bellvue Hospital	Paulette Powell-Morris
Berger Paints	Jacqueline Henderson
Berger Paints	Ann-Marie Lloyd
Bethel Basic School	Sonia Walton
Bethel United Training Centre	Pauletta Urskin
Big City Crewing Company	Latoya Campbell
Black's Block Factory	Evadney Francis
Blue Cross	Nicola Williams
Boss Furniture	Erica Wray
Brumalia House	Lorraine Griffiths
Bureau Of Standards	Judith Campbell
Burger King	Ms. Surgeon
Burger King - Mandeville	Andrew Fearon
Cac/Rjr Basic	Julian Garvin
Callaloo Mews Early Childhood.	Ms. Simms
Calvary Prep	Elleymae Walker
Cameron's Industries	Nerene Fisher
Cardiology Associates	Valerie Smith
Caribbean Broilers	Faye Malcolm
Caribbean Cable Company	Patricia Palmer
Caribbean Christian Centre	Claudia Senior / Icilda Demercado
Caribbean Construction Company	Winston Bennett
Caribbean Fencing	Ms.Taylor
Caribbean Foods	Veronica Mccarthy

MANAGEMENT REPORT (cont'd)

Caribbean Graduate School Of Theology	Wayne Powell
Cari-Med Ltd	Jacqueline James
Carreras Ltd	Ingrid Reid
Central Sorting Office	Sandra Cameron
Charagape Prep	Monique Ricketts
Chetolah Park Primary	Iris Hollingsworth
Child Development Agency	Susan Wellington
Claro	Michelle Blackwood
Claude McKay High	Carmelita Grey-White
Cmp Home & Office	Anastasia Satchell
Compact Travel Agency	Sophia Belnavis
Corr Pack	Marcia Mitchell
Courts	Nataya Rowe/Verona Clarke
D.C. Tavares Finson Realty	Carmen Martin
Dangel	Angela Laing
Diamond Paints	Glenford Lettman
Dick Kinkead Pharmacy	Gary Budal
Docutech	Keshar Silpatt
Dominos Pizza	Trecia Pommells
Dunn Cox	Charlene Levy
Dunoon Technical	Desouza Pancho
Dupont Primary	Sheryl Slowley-Wilson
DWD Woodwork	Windel Edwards
Econo Office Supplies	Sharon Downer
Electoral Office	Zodian Martin
Electroloc	Shereen Williams
Ericsson Ja. Ltd.	Veronica Clarke-Brown
E-Services	Roxann Mclean/ Bridgette Levy
Fidelity Motors	Leslie Nembhard
Fimiwireless	Lorraine Francis
Fiscal Services	Rose-Marie Fisher/Suzette Nangle
Fortune Corporation	Vivienne Smith
Frazer Aitcheson	Christine Rookwood
Freeform Factory	Marcia Hart
Fujitsu	Collette Anderson
Gladys Sheriff Basic School	Sharon Dennis
Goldson & Barret	Marva Anderson
Government Chemist Department	Hyacinth Crooks
H.E.A.R.T./SDC	Leon Cowan

Hamilton Gardens Basic	Jennifer Ruddock
Hanover St CVTC	Eileen Black
Harmons Basic School	Sammonie Reid
HD Hopwood Ltd.	Janet Scott
Health Corporation	Rosie James
Hi Lo Food Stores	Sonia Anderson
Hilton Hotel	Suzette Henry-Campbell
Hoffman & Levy	Dionne Luton
Holsum Bakery	Dave Lee / Claudia Grindley
Holy Trinity Basic	Juliet Ellis
Hunt's Bay Police Station	Inspector Gardener
Hyque Marketing	Rochelle Redwood
IGL	Lorna Williamson
IMCA Ja. Ltd.	Murepha Wint
IMSCO Ltd.	Thalia Green
Inland Revenue Department	Sylvia Boothe
Inland Revenue Department	Angeleta Anderson
Innovative Systems	Ursual Williams
Iris Gelley Primary School	Marion Bartley
Island Car Rental	Jean Heath
Island Hardware	Sandra Francis
Island Import And Export	Lilawti Heath
Islandwide Concrete	Ms. McPherson
Jam Agua	Jacqueline Ewards
Jamaica Agent Services Ltd.	Ryan Young
Jamaica Biscuit Co.	Martin Henry/Antonette Lawrence
Jamaica Biscuit Company	Yvette Demercado/Paula Robinson
Jamaica Chamber Of Commerce (Youths)	Leroy Lalor
Jamaica Citrus Growers	Norma Sewell
Jamaica Fibreglass Products	Ena Millis
Jamaica Fire Brigade	Nicole Tomlinson
Jamaica Hotel & Tourist Association	Myrtle Daley
Jamaica Information Service	Soroya Hoggarth-Bryan
Jamaica Livestock Association	Violet Ashman Keneisha Bryan
Jamaica Mobile Advertising	Marva Anderson
Jamaica Observer	Fredericka Johnson
Jamaica Pre-Mix (Aqualta Vale, St Mary)	Clive Farquharson
Jamaica Pre-Mix (Molynes Road)	Elaine Douglas
Jamaica Pre-Mix (Yallahs, St Thomas)	Donovan Matthews

MANAGEMENT REPORT (cont'd)

Jebb Memorial Basic School	Joan Hudson, Principal
Jessie Ripoll Primary	Marcia Detry Fogah
Johnson Diversy Lever	Mrs Moodie
Josephs Holdings	Nichola Johnson
Juci Patties (Utech)	Marlene Sinclaiar
Juici Patties (Stony Hill)	Lorna Reynolds
Juici Patties (HWT)	Jeannine Simmons
Juici Patties (Liguanea)	Sandra Adlam
Juici Patties (New Kingston)	Sandra Smith
Juici Patties (UWI)	Vivia Ewards
Juici Patties-Mandeville	Francine Anderson/Fiona Deason
Juici Patties-May Pen	Joan Thompson
Juriedini's Limited	Michael Canton
JUTC Rockfort	Nicole Segree
Key Motors	Natasha Powell
KFC	Janice Thompson/Joletta Linton
Kiddies Campus	Jean Francis
Kids Choice	Collette Parkinson
Kidz Kastle	Karen Wright
Kingston Industrial Agencies	George White
KLAS Sports FM	Tracey Roache
Knutsford Court Hotel	Stacey Vernon
Kraft Foods	Debbie Witter
Lasco Distributors	Tanisha Hart
Liguanea Fabricare	Barbara Allman
Lithographic Printers	Sean Desquesnay
Little Wonder Basic	Linnet Lawson
Mainlan International	Yoursha Smith
Maisie Green Early Childhood Centre	Meesha Williams
Manchester Parish Council	Caudel Baker-Grant
Mandeville Infant	Veronica Peart-Johnson
Mandeville Post Office	Jennifer Witter
Mandeville Regional Hospital	Yvonne Pinkney-Johnson
Marlin Transport	Deyon McLaughlin
Maxi Department Store	Fray Wilson
Mega Mart	Paulette Lynch
Merle Grove Past Students Association	Ruthann James
Merrion Basic	Ms. Mathews
Microlabs	Kerry-Ann Gayle-Scott/Simone Hibbert

Milestone Environmental Ltd	Patrice Solomon
Milestone Environmental Ltd-UWI	Paulette Francis
Ministry of Education	Marville Willia Kayann Williams
Ministry Of Labour	Lola Budoo/ Tamika Blagrove
Ministry Of National Security	Patricia Cunningham
MJ Tools	Mark Hosang
Mona Graphic Printers	Arlene Wilson
Moncrieffe's Patio	Opal Ellington -Gardner
Mother's	Karine Brown
Mount Olive Basic	Janet Asphall, Principal
Mrd Inventory Management	Sherida Hoillett
MSJ Trading	Janet Mckoy
Mulavnia Basic	Marvalyn Myers
Myers Fletcher & Gordon	Norma Chambers
Naggo Head Infant	Paulette Brim
National Insurance Fund	Jason Anderson/ Saidie Beason
National Land Agency	Stacy Stewart
National Youth Service	Oliver McLaren
National Youth Service	Claudia Henry
NEPA	Tamara Archer - Cameron
New Vision Basic	Karlene Cameron/ Lavern Jones
Omni Industries	Keisha Sewell
Payless Distributors	Angella Samuels
Petcom	Colleen Hinds-Anderson
Point To Point Communications	Kamala Mcgeachy
Premier Waste Management	Claudia Davis
Probarr Corp.	Barbara Nevers
Progressive Grocers (Duhaney Park)	Cornetta Reynolds/ Ms. Wallen
Progressive Grocers (Portmore)	Winston McKenzie
RADA	Mr. Fulton
Rain Forest Seafoods	Owen Bailey
Rapid True Value	Lesa Bent-Williams
Rebhan's Gases Limited	David Robinson
RJR Basic	Julian Garvin
Roman's Funeral Home Ltd	Randy Roman
Rosedale Basic	Ms. Kelly
Royal Flat Skills Training Centre	Patricia Clarke

Rst Industries	Hillary Hall
Sagikor Life	Eugenie Cousins
Sandhurst Basic School	Merlene Reid/ Donna Simpson
Security Innovations	Felicia Robinson
Sherwin Williams	Lorraine Forbes
Shims Liquor	Claudette Mcleod
Shopper's Fair	Janet Green / Mrs Stewart
Shopper's Fair	Denise Roye
Siboney Garments	Daisy Reynolds-Lewis
Singer Jamaica Ltd	Pauline Nelson/Walker
Smurfs Early Childhood Centre	Annette Isaacs
Sonia's Homestyle Cooking	Sonia Gibbons
Spar Bottling	Michelle Roberts
St Stevens Basic	Claudia Fyffe
St. Andrew Primary	Ms. Haase/Ms Douglas
St. Elizabeth Basic	Mary Richards
St. Peter Claver	Vervolyn Reid
Star Logistgics	Karen Smith
Starfish Oils	Sophia Hamilton
Step-Jen Ltd	Handel Edwards
Sunbeam Children's Home	Natalie Phillips
Sunrise Early Childhood Development	Annette Wood
Super People Janitorial	Garcia Hamilton
Supreme Bags Limited	Natalie Brooks
TAAD	Lesley Anne Robinson
TAAD - GCT Office	Althea Jones
Tank Weld	Maxine Gooden
Tanners Ltd/Leder Mode	Simone Campbell
Tarrant Community Basic	Merlene Reid
Tastee - Portmore	Curtis Calvert
The Choice	Ava Desnoes
Top Class	Antoinette Edwards
Torrington Basic	Dawn Anderson
Torrington Park Youth Club	Isha Henry
Toyota Jamaica	Shelly-Ann Parkinson
Transport Authority	Heather Grindley
Trench Town Sda Basic School	Lurline James
Trinitarian Basic	Jennifer Jackson
Triumphphant Basic	Michelle Wright
Tropicair	Paulette Josephs

Tropical Battery	Mitzi Hyde
Tyre Warehouse	Tracy Drummond
University of Technology	Richard Cargill
VAP Holdings	Bevon Antonio
Victory Molyne Basic	Elsa Mckenzie
West Indies Paper Products Ltd	Venita Walker
Western Sports	Ms. Lesley
Williams Educational Centre	Gayle McDonald
Wisynco	Dahlia Carter
Worldbridge Services	Michele Knight-Lyttle
Wynter's Auto Parts	Valerie Rowe
Zion Organic Roots	Rose-Marie Rolston

COK SODALITY PERFORMANCE HIGHLIGHTS 2005 - 2009



COK SODALITY CO-OPERATIVE CREDIT UNION LTD.

Invest in your future today!

	2005	2006	2007	2008	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Loans (Net of prov)	3,625,125	4,113,195	4,576,443	4,427,153	4,250,126
Investments	723,537	1,023,113	1,276,237	1,886,096	2,256,675
Fixed Assets	114,955	174,999	249,766	272,904	278,329
Other	377,965	478,718	552,440	753,874	907,677
Total Assets	4,841,582	5,790,025	6,654,886	7,340,027	7,692,807
SAVINGS					
Shares	1,965,849	2,202,105	2,411,627	2,591,683	2,558,805
Savings Deposits	1,941,166	2,598,808	2,833,503	3,424,430	3,885,821
Total Savings Funds	3,907,015	4,800,913	5,245,130	6,016,113	6,444,626
PROFITABILITY					
Surplus / (Loss)	139,473	123,073	80,925	(18,336)	(39,394)

TREASURER'S REPORT FOR YEAR ENDED DECEMBER 31 2009

Introduction and Overview

The year 2009 was generally a very challenging year not only for the country in general but also for our credit union. The year was plagued with unprecedented numbers of job losses, closure of businesses, increased taxes, and downgrades in the Country's Credit Ratings as well as decline in consumer confidence.

Reports from the PIOJ indicated that in the Finance & Insurance Service sector the performance was flat when compared to the previous year. They suggest that this was as a result of the rise in non-performing loans, increase in operational expenses and the effect of the global economic crisis on Jamaica. The forecasts going into 2010 are just as dismal due to the weakened demand for Jamaican products, slowdown in construction and the continued decline in remittances and consumer and business confidence. As an organisation, we were not insulated from these shocks in the global and local economies. Demand for our products and services were less than projected in almost all areas, delinquency increased and we struggled to manage our operational costs.

January 1, 2009 saw the establishment of COK Remittance Services Limited, regulated by the Bank of Jamaica, through which we contract with overseas remittance service providers and subcontract local agents, including COK Sodality branches to do payouts to members and customers. The performance of this company is reflected in our consolidated Group position in the Statement of Financial Position and the Statement of Comprehensive Income. We closed the year with an overall loss of \$39.4m for the group, of which \$37.7m related to the credit union's operations, primarily due to effect of a number of one time occurrences totaling \$40.2M.

Before taking into account the exceptional items, 2009 was a good one when compared with 2008. Surplus position improved by approx \$20M. Also of significance was that, despite inflation rate being double digit, operating costs increased by only 2% moving from \$735M to \$750M for the year. Much of this was the result of the efficiency measures put in place during 2009.

The following table summarizes the results of the credit union's operations for 2009 as compared to 2008.

TREASURER'S REPORT FOR YEAR ENDED DECEMBER 31 2009 (cont'd)

ANALYSIS OF CHANGE IN INCOME & EXPENDITURE 2009 VS. 2008				
	2009	2008	Change	
	\$`000	\$`000	\$`000	%
Interest income:				
Loans to members	843,131	893,745	(50,614)	-5.7%
Investments and deposits	380,017	228,102	151,915	66.6%
Total interest income	1,223,148	1,121,847	101,301	9.0%
Interest expense:				
Members' deposits	402,789	330,512	72,277	21.9%
External credits	53,398	68,141	(14,743)	-21.6%
Other financial costs	19,862	19,422	440	2.3%
Total interest and financial costs	476,049	418,075	57,974	13.9%
Net interest income after financial costs	747,099	703,772	43,327	6.2%
Non-interest income:				
Fees	42,978	38,959	4,019	10.3%
Dividends on equity investments	3,387	3,043	344	11.3%
Other income	85,410	71,274	14,136	19.8%
Total non-interest income	131,775	113,276	18,499	16.3%
Gross margin before provisions & expenses	878,874	817,048	61,826	7.6%
Less Operating Expenses - before one-time exceptional costs	(751,367)	(735,392)	(15,975)	2.2%
Surplus for the year before provision & exceptional items	127,507	81,656	45,851	56.2%
Provisions:				
Allowance for loan losses	(110,519)	(90,290)	(20,229)	22.4%
Allowance for interest losses	(10,685)	(6,652)	(4,033)	60.6%
Allowance for losses on other assets	(5,450)	(3,050)	(2,400)	78.7%
Total provision	(126,654)	(99,992)	(26,662)	26.7%
Surplus/(Loss) for the year before exceptional items	853	(18,336)	19,189	-104.7%
Less: One-time exceptional costs	(40,247)	0	(40,247)	-100.0%
Loss for the year	(39,394)	(18,336)	(21,058)	114.8%

Strategic Objectives

Our strategic objective for 2009 was to continue on the path of "growth built on improved internal efficiency". Four critical objectives were identified as the focus for the year, while continuing to work on those areas that were started in 2008. These were:

1. Improve financial and operational performance
2. Implement expense control systems and improve productivity
3. Address loan products, operations and quality deficiencies
4. Practice Enterprise wide risk management

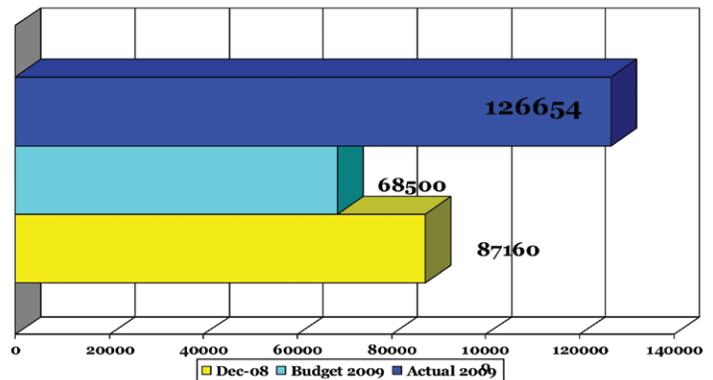
Critical areas within the four focus points show the following:

Loans

1. Our achievements in this area fell short of target.
 - a. Loan disbursements – 90% of target
 - b. Income on performing portfolio – 86% of target
 - c. Decline in the gross loan portfolio by 4%
2. The challenges in this area were primarily lower loan demand due to:
 - a. the decline in disposable income as a result of job losses
 - b. freezing of salaries in several sectors of the society
 - c. the increase in loan rates in response to increase in deposit rates in the market
3. To address this decline several initiatives were put in place and included:
 - a. Staff incentive programme designed to push sales/revenues
 - b. Push on special loan types – Home Equity
 - c. Reduced rates on some loan types – Home Equity

Provisions

This continues to be an area of great challenge, exceeding budget by 185%. The credit union worked assiduously during the year to get the delinquency level to the desired 5%. Despite not being able to achieve this objective, new initiatives are being pursued including an automated loan monitoring system which will give an alert the moment a schedule payment is missed.



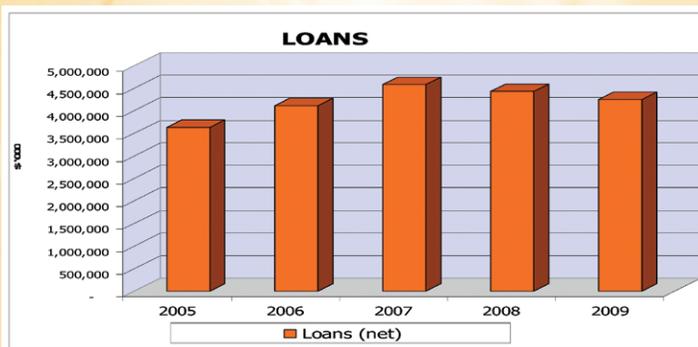
Also, a number of other initiatives were put in place to aid in managing this area:

- a. Amnesty programme for delinquent members
- b. Delinquency Control Committee established to review the portfolio and to design strategies to correct the issues
- c. Increased frequency of auctions for real estate and motor vehicles
- d. Earlier monitoring of the portfolio

The emphasis going forward will, however, be on monitoring and early action.

Improving the monitoring of loan portfolio

During the year, the Credit Committee continued its review of all business loans, and loans in excess of \$3M disbursed in 2009. This is in conjunction with the monthly follow up by the branches for loans up to 30 days past due. This will be an area of greater focus in 2010 as the Credit Department has now been restructured to place even greater emphasis on managing past due loans.

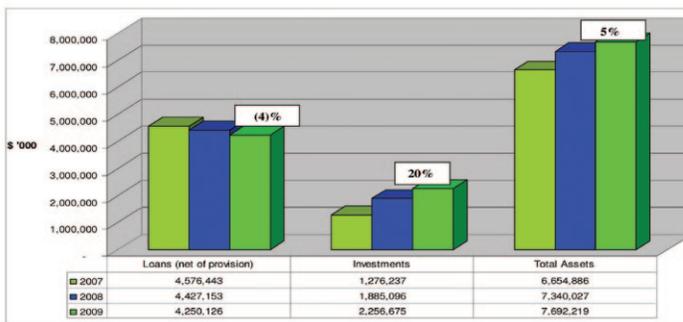
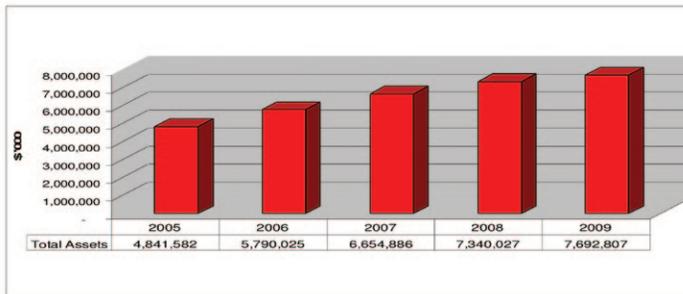


TREASURER'S REPORT FOR YEAR ENDED DECEMBER 31 2009(cont'd)

Growth

There was however other important areas within the operations during 2009 that had positive growth. The organization achieved solid growth in key areas of its operations – performing above the credit union industry norm in several and providing what is a clear signal that the credit union remains strong and on a path toward reversing the losses encountered. The main areas of growth were investments, savings and membership. This was in addition to growth of 20% recorded in COK Sodality's Investment Income, 16% in Non-Interest Income, 9% in Gross Interest Income and a 5% increase in COK Sodality's Assets.

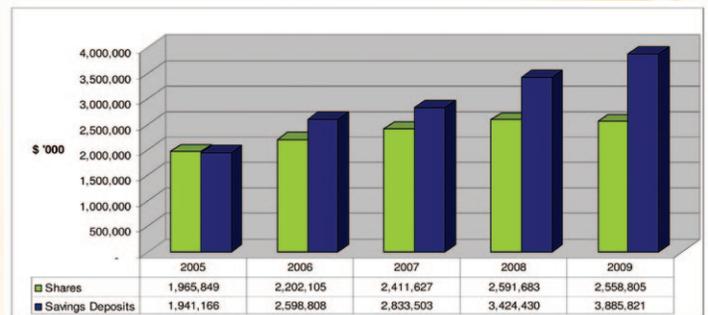
Total Assets



This area has performed well, achieving 99% of the target in the Investment portfolio and 112% of the target on the investment income. The performance in this area is as a result of not achieving the projected disbursement in loans, thus allowing for the excess funds to be rolled into investments; and the rates on investments were better than budgeted. As a result of the improved liquidity we paid out some of our high cost external credits thus improving our net interest expense.

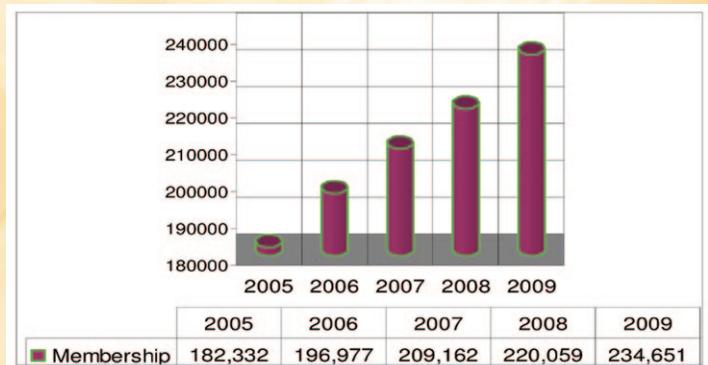
Savings & Deposits

Despite the unfriendly economic environment our members still displayed great confidence in the credit union by continuing to save consistently and steadily with us. In 2009 there was an 8% growth recorded in the portfolio. Whereas shares savings was relatively flat the movement in the deposit portfolio was very encouraging and reinforces the competitiveness of the return given to members in this area. The members' rate of savings also increased – moving up by 14% over figures recorded in 2008 and coming in 3 percentage points higher than the 11% growth which the sector as a whole averaged.



Membership

The Credit Union's membership increased by 7% in 2009 – 5 percentage points above the industry average of 2%. In November 2009, we welcomed approximately 4,000 Sodality members.



Audit Qualification

We reported last year our intention to fully comply with IFRS (International Financial Reporting Standards) in the presentation of our financial statements. In order for this to be done, significant overhaul of the rules of the credit union had to be undertaken. The recommended changes were approved at the AGM in 2009 and today our audited report is presented in full compliance with IFRS. These statements therefore, do not carry any audit qualification. My thanks to the management and staff, and also to you the members who made this possible.

The Future

Much of the predictions about 2009 will hold true for 2010 as the expected turnaround in the economic fortune worldwide has not materialized. Indeed the situation locally has become more critical due to sharp decline in the bauxite industry and remittance inflows coupled with increased job losses. The decline in Government revenues will see further cutbacks in spending on social services and capital programmes. There is expected to be further weakening of the local currency, contraction in output, rising unemployment and continued weakness in the stock market. This negative outlook presents opportunities for those with an entrepreneurial spirit to establish small to medium enterprises to serve an increasing number of underserved persons.

COK Sodality, by virtue of a wider and more flexible bond, and programmes already in place to assist micro businesses, can be of tremendous assistance to members. Members are encouraged to borrow, as our loan rates are highly competitive and payments terms are very reasonable.

Conclusion & Acknowledgements

Despite the various challenges associated with operating in a highly competitive environment, COK Sodality is committed to providing financial assistance to its members in a cost effective and efficient manner. We are a safe repository for savings, and despite the disappointing outcome for 2009, we remain upbeat regarding our ability to play an important part in fostering financial independence and creating wealth for our members.

I wish to thank the management and staff of the credit union for remaining steadfast in their duties to the organisation. It is never easy to operate in a dynamic environment. Thanks also to

the cadre of volunteers who unselfishly give of their time and talent, and were very forthcoming with ideas and suggestions about improving the credit union.

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

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



Christopher C. Robinson

Treasurer

Proposal for the Fixing of Maximum Liability to 31 December 2010

In keeping with Rule 70, it is proposed that Maximum Liability to 31 December, 2010 be set at \$6.5 billion, being 200% of Voluntary and Permanent Shares and Reserves, projected at \$3.25 billion.

For and on behalf of the Board of Directors



Christopher C. Robinson

Treasurer

TREASURER'S REPORT FOR YEAR ENDED DECEMBER 31 2009 (cont'd)

2010 BUDGET					
REVENUE AND EXPENDITURE STATEMENT					
2009					2010
BUDGET	ACTUAL	+/(-)	%		BUDGET
\$' 000	\$' 000	\$' 000			\$' 000
				INTEREST INCOME	
984,689	843,131	-141,558	-14%	INTEREST ON MEMBERS' LOANS	920,891
339,110	380,017	40,907	12%	INTEREST ON INVESTMENTS	259,772
1,323,799	1,223,148	-100,651	-8%		1,180,663
				FOR WHICH OUR INTEREST AND OTHER EXPENSES WERE	
480,606	402,789	-77,817	-16%	INTEREST ON MEMBERS' DEPOSITS	307,144
55,192	53,398	-1,794	-3%	INTEREST ON EXTERNAL CREDITS	23,941
43,262	19,862	-23,400	-54%	OTHER FINANCIAL COSTS	42,253
68,500	126,654	58,154	85%	LOAN & OTHER PROVISIONS	78,500
647,560	602,703	-44,857	-7%		451,838
676,239	620,445	-55,794	-8%	LEAVING A NET INTEREST INCOME OF	728,825
				AND WE ADD NET EARNINGS FROM NON-INTEREST SOURCES	
10,736	12,714	1,978	18%	CREDIT CARD	14,622
5,400	6,898	1,498	28%	REMITTANCE SERVICES	7,778
16,318	13,358	-2,960	-18%	CAMBIO SERVICES	18,175
94,877	98,805	3,928	4%	FEES AND OTHER INCOME	117,828
127,331	131,775	4,444	3%		158,403
803,570	752,220	-51,350	-6%	MAKING OUR GROSS MARGIN BEFORE OPERATING EXPENSES	887,228
				FROM WHICH WE DEDUCT	
723,070	791,614	68,544	9%	OUR OPERATING EXPENSES	837,228
80,500	(39,394)	-119,894	-149%	LEAVING A NET INCOME OF	50,000
				THEN WE TRANSFER	
16,100	0	-16,100	-100%	20% TO STATUTORY RESERVE	10,000
64,400	(39,394)	-103,794	-161%	LEAVING A NET SURPLUS OF	40,000

TREASURER'S REPORT FOR YEAR ENDED DECEMBER 31 2009 (cont'd)

2010 BUDGET BALANCE SHEET					
2009					2010
BUDGET	ACTUAL	+ / (-)	%		BUDGET
\$' 000	\$' 000	\$' 000			\$' 000
				OUR ASSETS	
5,173,420	4,250,126	-923,294	-18%	LOANS TO US AS MEMBERS	5,270,625
2,287,719	2,257,807	-29,912	-1%	OUR INVESTMENTS IN OTHERS	2,333,123
30,000	95,621	65,621	219%	CASH IN HAND & AT BANK	35,500
535,011	788,271	253,260	47%	OWING TO US BY OTHERS	668,330
314,469	300,394	-14,075	-4%	FIXED ASSETS WE PURCHASED	336,422
8,340,619	7,692,219	-648,400	-8%	MAKING OUR GRAND TOTAL ASSETS	8,644,000
				% GROWTH PROJECTED	12%
				SOURCES FROM WHICH OUR ASSETS ARE FINANCED	
2,915,000	2,558,805	-356,195	-12%	OUR SAVINGS IN SHARES	2,913,000
4,152,350	3,885,821	-266,529	-6%	OUR SAVINGS IN DEPOSITS	4,554,500
7,067,350	6,444,626	-622,724	-9%	MAKING OUR TOTAL SAVINGS	7,467,500
641,855	436,140	-205,715	-32%	INSTITUTIONAL CAPITAL	489,875
0	275,676	275,676	100%	PERMANENT SHARES	302,500
0	0	0	0%	LOAN LOSS RESERVE	0
2,250	(1,058)	-3,308	100%	INVESTMENT REVALUATION RESERVE	1,000
110,000	116,825	6,825	6%	PENSION RESERVE	130,000
0	(39,394)	-39,394	-100%	NON-INSTITUTIONAL CAPITAL	0
7,821,455	7,232,815	-588,640	-8%	MAKING THE GRAND TOTAL WE OWN AS MEMBERS	8,390,875
519,164	459,404	-59,760	-12%	WE OWED OTHERS AT YEAR-END	253,125
8,340,619	7,692,219	-648,400	-8%	AGREEING THE SOURCES OF FINANCING WITH OUR TOTAL ASSETS	8,644,000