


Building Lives. Building Communities.



2018
ANNUAL REPORT

55th
AGM



Community & Workers of Jamaica
Co-operative Credit Union Ltd. 
C&WJ

C&WJ Co-operative Credit Union Limited Progress Report (1961-2018)

YEARS	MEMBERS	SHARES	DEPOSITS	LOANS	EARNINGS		ASSETS
		Balance	Balance	Balance	Total Income	Expenses	
1961	352	15,072	-	10,296	486	292	15,436
1962	560	53,676	-	48,750	3,406	1,662	55,924
1963	624	92,842	-	91,992	8,362	3,880	98,928
1964	669	130,930	-	133,132	12,940	5,000	141,614
1965	671	152,458	-	153,268	16,656	6,874	168,680
1966	759	173,326	5,048	180,796	19,548	9,156	199,384
1967	749	201,578	7,538	210,546	22,474	11,606	239,408
1968	797	230,316	11,034	266,002	27,378	12,274	287,723
1969	823	267,117	10,687	292,085	33,611	16,619	325,520
1970	874	312,894	17,060	298,267	37,543	18,831	349,349
1971	1,032	426,573	31,023	439,182	46,370	22,541	475,864
1972	1,103	519,505	22,830	557,931	65,683	31,420	586,443
1973	1,227	695,372	30,841	730,520	78,895	38,815	778,490
1974	1,460	964,655	42,734	1,046,787	114,910	65,069	1,069,355
1975	1,842	1,490,253	80,281	1,572,413	159,650	80,350	1,635,308
1976	1,958	2,210,263	109,433	2,303,040	253,541	113,818	2,429,859
1977	2,058	2,905,546	159,358	2,947,760	335,928	137,142	3,208,371
1978	2,170	3,787,922	243,590	3,909,794	438,857	200,426	4,171,484
1979	2,338	4,510,551	302,070	4,571,290	560,521	271,080	5,277,561
1980	2,626	5,381,057	350,345	5,417,589	634,062	387,256	7,075,388
1981	2,882	6,396,442	458,487	7,219,503	947,375	866,275	8,700,101
1982	3,122	8,004,118	493,452	9,077,273	1,174,018	950,126	10,178,586
1983	3,408	9,294,551	536,234	10,758,612	1,434,794	1,129,494	12,525,126
1984	3,576	10,448,520	688,552	11,946,723	1,714,503	1,262,538	13,584,800
1985	3,770	11,807,290	711,545	13,658,735	1,950,644	1,458,201	16,972,948
1986	3,990	13,353,513	1,207,157	14,986,330	2,057,463	1,593,152	18,935,880
1987	4,272	15,638,232	1,360,521	17,210,260	2,431,981	1,804,107	21,672,717
1988	4,454	18,456,135	1,679,441	20,610,694	2,819,781	1,992,889	24,969,128
1989	4,743	24,155,002	2,430,520	27,439,908	3,533,268	2,403,747	32,857,160
1990	4,375	28,052,737	3,029,945	32,159,594	4,412,005	3,269,415	37,724,358
1991	4,992	37,709,435	6,398,964	50,583,057	5,864,268	5,053,114	56,652,626
1992	5,373	47,704,220	10,560,580	68,115,818	9,283,658	7,104,145	74,681,510
1993	5,815	72,317,795	16,061,594	104,892,795	12,417,803	10,612,947	113,223,841
1994	6,103	91,745,100	28,883,640	126,844,601	17,657,227	18,969,924	152,215,726
1995	6,572	114,362,497	41,709,428	188,194,616	30,494,854	30,839,597	287,333,560
1996	6,683	135,913,000	67,958,000	202,797,000	52,053,000	47,365,000	351,307,040
1997	7,599	144,873,978	136,550,954	262,157,873	59,747,752	54,492,455	448,438,194
1998	7,806	168,997,778	172,074,562	301,230,716	96,205,643	79,555,310	528,767,540
1999	8,041	186,799,019	510,301,492	305,229,594	156,233,052	125,098,027	883,995,526
2000	8,479	195,278,259	503,332,891	365,652,107	176,543,216	156,785,275	907,335,107
2001	9,059	206,008,839	800,120,139	409,946,113	205,949,974	179,671,851	1,252,767,604
2002	8,796	244,257,012	842,244,508	638,118,964	237,543,756	201,352,499	1,389,234,343
2003	9,277	271,644,807	1,019,063,752	732,228,312	314,185,653	272,394,290	1,654,800,981
2004	10,104	301,501,443	1,275,991,983	886,362,191	381,220,581	313,358,284	1,942,878,468
2005	12,955	380,151,742	1,280,153,570	1,342,107,408	343,148,484	318,331,900	2,057,805,692
2006	14,562	480,612,204	1,428,747,904	1,676,645,886	387,500,847	352,284,457	2,346,509,009
2007	15,886	574,811,503	1,376,889,389	1,886,513,958	418,538,453	385,524,893	2,477,237,971
2008	17,190	597,633,698	1,580,094,892	2,132,566,493	479,156,263	444,767,649	2,882,668,533
2009	17,889	564,606,661	1,838,866,107	1,795,735,150	622,019,899	553,961,830	3,156,318,711
2010	16,172	641,966,338	1,967,143,491	1,819,988,963	514,268,401	483,933,012	3,198,504,129
2011	32,851	819,995,882	2,926,691,429	2,449,309,650	581,224,043	531,430,208	4,509,893,696
2012	34,387	867,304,479	2,964,775,825	2,905,802,729	612,943,514	592,683,652	4,605,970,890
2013	64,003	1,668,432,409	4,507,105,368	4,268,270,308	726,881,477	657,709,907	7,459,980,864
2014	67,128	1,690,669,481	4,721,160,480	4,211,605,033	915,375,211	887,433,471	7,711,324,307
2015	73,962	1,883,580,175	5,149,704,206	5,196,982,479	982,081,889	936,378,696	8,449,517,842
2016	82,293	2,848,559,137	5,890,361,708	7,081,572,359	1,139,372,142	1,062,664,988	10,499,620,137
2017	86,132	2,901,833,976	6,445,245,954	8,541,808,167	1,620,587,649	1,239,616,395	11,535,917,357
2018	122,458	3,330,729,798	9,228,996,123	10,664,423,651	1,686,647,416	1,584,263,318	16,019,939,997

Our Vision...

...is to be the financial service provider of choice for stakeholders in communities and industries in Jamaica and the Diaspora.

Our Mission...

"To enhance the financial wellbeing of our members by providing superior financial services and innovative products in a friendly environment through empowered and motivated employees".

Our Values:

- Integrity
- Financial prudence
- Transparency
- Friendliness
- Training and development

The Community & Workers of Jamaica Co-operative Credit Union Limited

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NOTICE & AGENDA

NOTICE

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION LIMITED (C&WJCCUL) 51 HALF WAY TREE ROAD, KINGSTON 10.

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting of
Community & Workers of Jamaica Co-operative Credit Union Limited
will be held at the Jamaica Conference Centre,
14-20 Port Royal Street, Kingston
On Saturday, April 27, 2019 at 10:00 a.m.



SIGNED: Terrie-Ann Brown-Bennett
Secretary
Board of Directors

AGENDA

1. Ascertaining that a quorum is present
2. Apologies
3. Chairman's Opening Remarks
4. Minutes of the Fifty-fourth (54th) Annual General Meeting and Matters Arising Therefrom
5. Minutes of the Special General Meeting held August 18, 2018
6. Consideration of:-
 - (a) Report of the Board of Directors
 - (b) Management's Report
 - (c) Treasurer's & Auditors' Reports
 - (i) Appropriation of Surplus
 - (ii) Fixing of Maximum Liability
 - (d) Report of the Credit Committee
 - (e) Report of the Supervisory Committee
 - (f) Report of the League Delegates
 - (g) Report of the Nominating Committee
7. Elections to:-
 - (a) Board of Directors
 - (b) Credit Committee
 - (c) Supervisory Committee
 - (d) Management of Other Registered Societies (See Nominating Committee's Report)
8. Any Other Business
9. Presentation of Prizes
10. Adjournment



10 YEAR FINANCIAL PERFORMANCE

	2018	2017	2016
Financial Position (\$M)			
Total Assets	16,019.9	11,535.90	10,499.6
Loans to Members	10,664.4	8,541.80	7,081.6
Liquid Assets & Investments	3,842.5	1,960.60	2,457.6
Savings Deposits	9,229.0	6,445.20	5,890.4
Voluntary Shares	3,331.0	2,901.80	2,848.6
Shareholders Equity	2,664.2	1,779.70	1,396.6
Institutional Capital	2,569.6	1,600.50	1,316.3
Income & Expenditure (\$M)			
Total Revenue	1,686.6	1,620.60	1,139.4
Interest Expense	331.4	269.50	247.2
Operating Expenses	1,156.3	912.00	766.0
Net Income after Int. on Shares	102.4	381.00	76.7
Ratios			
PROTECTION			
Loan Loss Allowance/Delinquent > 12 Mths	100%	100.0%	100%
EFFECTIVE FINANCIAL STRUCTURE			
Net Loans / Total Assets	66.6%	74.0%	67.4%
Total Savings / Total Assets	78.4%	81.0%	83.2%
Institutional Capital / Total Assets	16.0%	13.9%	12.5%
Loans / Deposits	84.9%	91.4%	81.0%
ASSET QUALITY			
Total Delinquency / Gross Loan Portfolio	7.2%	2.1%	4.8%
Non Earning Assets / Total Assets	9.4%	9.0%	9.1%
RATES OF RETURN & COSTS			
Net Loan Income / Avg. Net Loan Portfolio	13.3%	13.5%	12.6%
Liquid Investment Income / Avg. Liquid Investments	3.8%	6.7%	7.2%
Financial Investment Income / Avg. Financial Investments	3.1%	3.9%	4.1%
Financial Costs: Savings & Deposits / Avg. Savings Deposits	1.9%	2.1%	2.3%
Gross Margin / Average Assets	9.3%	11.9%	9.0%
Operating Expenses / Avg. Assets	8.4%	8.3%	8.1%
Net Income / Avg. Assets (ROA)	0.7%	3.5%	0.8%
Interest Income / Earning Assets	9.6%	11.2%	9.6%
Interest Expense / Interest Bearing Liabilities	2.4%	2.8%	2.7%
Spread	7.1%	8.4%	6.9%
LIQUIDITY			
Liquidity Reserves / Total Savings Deposits	19.7%	13.4%	16.0%
Liquid Assets / Total Assets	15.4%	10.9%	13%
GROWTH			
Loans	27.5%	20.6%	36.3%
Savings Deposits	43.2%	7.0%	14.4%
Ordinary Share Capital	14.8%	1.9%	51.2%
Institutional Capital	60.6%	21.6%	26.0%
Membership	42.2%	4.7%	11.3%
Total Assets	38.9%	9.9%	24.3%



2015	2014	2013	2012	2011	2010	2009
8,449.5	7,711.0	7,460.0	4,606.0	4,509.9	3,198.5	3,156.32
5,196.9	4,211.6	4,268.3	2,905.8	2,449.0	1,820.0	1,795.74
2,429.0	2,806.3	2,491.2	1,430.1	1,771.9	1,143.7	1,130.27
5,149.7	4,721.2	4,507.1	2,964.8	2,926.6	1,967.1	1,838.87
1,883.6	1,690.7	1,668.4	867.3	820.0	606.8	531.44
1,103.2	1,003.1	984.9	536.1	523.1	457.4	414.38
1,044.6	960.0	928.9	503.8	476.0	411.3	369.12
982.1	915.4	726.9	612.9	581.2	514.3	622.02
268.7	263.2	205.7	169.7	174.1	223.0	318.28
655.3	596.2	484.7	373.6	355.6	257.0	227.27
45.7	27.9	69.2	20.3	49.8	30.3	68.06
100%	100%	100%	100%	100%	100%	100%
61.5%	54.6%	57.2%	63.1%	54.3%	56.9%	56.9%
83.2%	83.2%	82.8%	83.2%	83.1%	80.5%	75.1%
12.4%	12.4%	12.5%	10.9%	10.6%	12.9%	11.7%
73.9%	65.7%	69.1%	75.8%	65.4%	70.7%	75.8%
4.3%	7.4%	8.5%	5.0%	6.9%	9.7%	9.5%
9.7%	9.0%	9.4%	6.0%	6.4%	7.3%	7.3%
13.4%	13.3%	13.0%	14.9%	18.3%	19.2%	20.1%
7.9%	9.9%	6.4%	6.3%	6.9%	6.3%	14.7%
4.6%	5.7%	7.7%	8.7%	10.3%	17.0%	25.2%
3.0%	3.1%	3.1%	3.5%	3.99%	6.7%	10.9%
8.8%	8.3%	9.2%	8.7%	9.9%	9.1%	9.8%
8.1%	7.9%	8.0%	8.2%	8.61%	8.1%	7.5%
0.6%	0.4%	1.1%	0.4%	1.21%	1.0%	2.3%
10.5%	11.1%	8.9%	11.9%	12.2%	15.8%	18.9%
3.6%	3.9%	3.2%	4.4%	4.6%	8.6%	12.3%
6.9%	7.2%	5.7%	7.6%	7.6%	7.2%	6.6%
27.2%	31.0%	28.00%	17.17%	26.06%	27.0%	29.5%
17.1%	20.8%	23.4%	15.0%	21.6%	21.7%	22.1%
23.4%	-1.3%	46.9%	18.7%	34.6%	1.4%	-15.8%
9.1%	4.8%	52.0%	1.3%	48.8%	7.0%	16.4%
11.4%	1.3%	92.4%	5.8%	35.1%	14.2%	-6.2%
8.8%	3.3%	84.4%	5.8%	15.7%	11.4%	14.4%
10.2%	4.9%	86.1%	4.7%	103.1%	-9.6%	4.1%
9.6%	3.4%	62.0%	2.1%	41.0%	1.3%	9.5%



Minutes of the 54th Annual General Meeting of the Community & Workers of Jamaica Co-operative Credit Union Limited held on April 28, 2018 at the Jamaica Conference Centre, 14-20 Port Royal Street, Kingston

1. Quorum of the Meeting

The Chairman, Mr. Pete Smith, called the meeting to order at 10:15 am. He informed the members that there was a quorum as there were 221 members present.

The Board of Directors who served during 2017 was introduced to the meeting:

- Mr. Pete Smith – President
- Mr. Condell Stephenson – 1st Vice President
- Ms. Paulette Howell – 2nd Vice President
- Ms. Bobette Rigg – Treasurer
- Mrs. Ashlyn Malcolm – Assistant Treasurer
- Mrs. Terrie-Ann Bennett – Secretary
- Mrs. Pauline Thompson – Assistant Secretary
- Mr. Austin Brown – Director
- Mr. Michael Dunn – Director

Directors, Dr. Richard Meggo and Mr. Peter Scott were unavoidable absent due to their attendance at an important credit union business elsewhere.

1.1 Prayer

Mrs. June Matthews offered prayer.

1.2 Reading of the Notice and Convening of the Meeting

The Secretary, Mrs. Terrie-Ann Bennett, read the Notice of the Meeting.

2. Apology for Absence

Apologies were tendered for the absence of Directors, Dr. Richard Meggo and Mr. Peter Scott; Chief Operating Officer, Mrs. Joyce West -Johnson; Chief Credit Officer, Mrs. Tracy-Ann Henry-Williams; Credit Committee Member, Mrs. Norma Warburton-Thomas; and Ms. Coleen Edwards of Cable & Wireless Jamaica.

3. Chairman's Opening Remarks

The Chairman welcomed the members, guests, past and serving volunteers of the Board of Directors, Credit and Supervisory Committees, the Credit Union's strategic partners and the Management and Staff.

The Chairman extended special recognition to the following guests present:

Ms. Georgia Morrison of the Credit Union Fund Management Company; Ms. Vera Lindo of the Jamaica Co-operative Credit Union League; Mr. Winston Fletcher, President of the League; Mr. Winston Green of the D&G Employees Credit Union; Ms. Carlene Burke of the D&G Employees Credit Union; Mr. Mark Bowen of Insurance Employees Co-operative Credit

Union; Ms. Claudette Crooks of Money Masters Limited; Mr. Michael Sutherland former member of the Board and member of the Credit Union League's Supervisory Committee; Ms. Cynthia Lawrence of KPMG; Ms. Sonia Taylor from the Correctional Services Co-operative Credit Union; Ms. Bernita Locke of Insurance Employees Co-operative Credit Union; Ms. Trudi-Anne Barrett of Educom Credit Union; Mr. Owen Lawrence of the Credit Union League; Ms. Lavern Gibson-Eccleston of the Department of Co-operatives & Friendly Societies; Ms. Tamara Charles of the Public Sector Co-operative Credit Union; Mr. Dale Powell of the Jamaica Police Co-operative Credit Union; Mr. Barrington Whyte, former CEO of C&WJ Co-operative Credit Union; Mr. Ertis Blake, Mr. David Hall and Mr. Stedson Chambers, Past Presidents of C&WJCCUL; Mrs. Faith Bertram, former Secretary of the Board of Directors and Mrs. Bethune Lugg-Banton of Quality Network Service.

3.1 Silent Tribute to Pioneers, Past Leaders and Late Members

The meeting paid silent tribute to the Credit Union's:

- Pioneers: Frederick Raiffeisen; Alphonse Desjardins; Edward Filene; Roy Bergengren; Thomas Doig; and Fr. John P. Sullivan.
- Past Leaders: A. Rod Glen; Eustace Shim; Frank Laing; Sydney Carter; Algie Dale; Lloyd Gayle; and Arthur Hylton.
- Past Members: A list of the members who passed away during the year under review appears on page 110 of the Annual Report.

3.2 Adoption of the Agenda

The Agenda was amended to reflect that the Report of the Nominating Committee would be taken prior to the Elections, which would be taken after the Merger Presentation and Resolution.

The Agenda, with the changes noted, was adopted on a motion moved by Ms. Paulette Howell, seconded by Mr. Condell Stephenson and carried by the meeting.

4. Adoption of Minutes of the 53rd Annual General Meeting

The Secretary, Mrs. Brown-Bennett, requested a motion that the Minutes of the 53rd Annual General Meeting held on Saturday, May 6, 2017, be taken as read. The motion was moved by Mr. Almando Jones, seconded by Ms. June Matthews and carried by the Meeting.

There was no correction to the Minutes of the 53rd Annual General Meeting.

Minutes of the 54th Annual General Meeting, Continued

The Minutes of the 53rd Annual General Meeting was approved on a motion moved by Mr. Condell Stephenson, seconded by Ms. Theresa Morgan and carried by the meeting.

4.1 Matters Arising from the Minutes

There were no matters arising from the Minutes.

5. The Reports

A motion to take the following reports as read, en bloc, was moved by Mr. Condell Stephenson, seconded by Mrs. Terrie-Ann Brown-Bennett and carried by the meeting: the Board of Directors, Management, Treasurer's, Credit Committee, Supervisory Committee and the League Delegates

5.1 The Report of the Board of Directors

The Chairman referred the meeting to the Report of the Board of Directors on pages 14-18. He took the opportunity to thank the members for supporting the Credit Union and expressed appreciation to the Management and Staff for their stewardship and excellent performance in 2017.

The C&WJ Credit Union Performance

The Credit Union's performance in 2017, with the exception of one area, surpassed all the projections in the key result areas such as Membership, Asset, Loans, Regulatory Capital, Net Surplus and Customer Satisfaction which recorded a 98 % approval rating by its members.

The distributable surplus as at December 31, 2017, was \$342 million. The Directors, in keeping with Article 14 Rule 66, section 1 and Article 15, Rule 67, have transferred \$275 million of this surplus to Statutory Reserves, after which the amount available for distribution at this meeting is \$67 million.

The C&WJCCUL introduced two (2) new Committees in 2018 - the Policy Review Committee and the Ethics and Corporate Behaviour Committee. The latter serves to facilitate and strengthen the Whistle Blowing Policy.

A new core processing system –SHARETEC - will be implemented which will help to modernize the Credit Union's operations and deliver even greater and more efficient services to the members. The implementation is scheduled to be completed in October 2018.

The Chairman expressed appreciation to all the Credit Union's stakeholders, including the membership, the senior management team, the staff, the Board of Directors, members of the Supervisory and Credit Committees for their continued support.

The Report of the Board of Directors was adopted on a motion moved by Mr. Ertis Blake, seconded by Mr. Wesley Stennett and carried by the meeting.

5.2 The Management Report

The Chairman referred the meeting to the Management Report on pages 22-25 of the Annual Report.

The Chief Executive Officer, Mr. Carlton Barclay, highlighted C&WJCCUL's performance for 2017 as under:

- Organic growth of 10 % in Assets
- Loan growth of 20%;
- Growth in Capital of 27%;
- Growth in savings of 7%;
- A customer satisfaction rating of 98%

The Board had determined that the 2017 Strategic Priorities would be in the following areas:

- Regulatory Compliance
- Enterprise Risk Management
- Member Value
- Mergers
- Improvement in Technology
- Corporate Social Responsibility
- Increased Lending

Performance in Key Result Areas

Mr. Barclay highlighted the Credit Union's performance in key result areas:

- The savings deposit grew by \$608 million (and not \$608 billion as stated on page 24 of the Annual Report) to \$9.347 billion as at December 31, 2017, which was a 7% growth over 2016.
- The Credit Union transferred \$275 million or 81% of the surplus to the Statutory Reserve Fund.

Mr. Barclay concluded his presentation by expressing appreciation to the Management, Staff, Board of Directors and Committee members for their continued support and loyalty.

Questions from the members regarding member welfare, branch buildings and operations were addressed by Mr. Barclay. Commendation and testimonials were also given.

The Management Report was adopted on a motion moved by Mr. Condell Stephenson, seconded by Ms. Daphney Murray and carried by the meeting.

5.3 The Treasurer's Report

5.3.1 Auditor's Report and Financial Statements for the Year 2017

The Chairman invited the Auditor, KPMG, to present its report on the 2017 audit. The report was read by Ms. Cynthia Lawrence which stated that the financial statements gave a true and fair view of the financial position and performance

Minutes of the 54th Annual General Meeting, Continued

of the Credit Union as at December 31, 2017, in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

5.3.2 The Treasurer's Report

The Treasurer, Ms. Bobette Rigg, referred the meeting to the Auditor's Report and the Financial Statements on pages 41 to 95 of the Annual Report. A summary of the financial statements are as follows:

- 2017 marked the year that the Credit Union generated the highest level of net surplus of \$381 million.
- Total Assets stood at \$11.5 billion
- Net loans grew by 20% to \$8.5 billion
- Savings reported growth of 7% ending the year at \$9.3 billion.
- As at December 31, 2017, Capital was reported at \$1.8 billion an increase of 27% from \$1.4 billion reported for 2016.
- Loan portfolio stood at \$8.5 billion.
- As at December 31, 2017, the ratio of Reserve to Total Asset stood at 13.84%.
- As at December 31, 2017, the Total Savings to Total Assets stood at 81%.
- Liquidity ratio was 13.4% which was above the Pearl's Standard of 10%.
- Membership grew by 4.7% or 3,839.
- The Credit Union closed the year at \$11.5 billion in Asset.

The Treasurer's Report and Auditor's Report and Financial Statements were adopted on a motion moved by Ms. Cecilia Kerr, seconded by Mrs. Faith Bertram and carried by the meeting.

5.3.3 Appropriation of Surplus

The Treasurer presented the Board's recommendation for the appropriation of the 2017 surplus as follows:

Surplus for the year available for:

Distribution	\$341,875
Statutory Reserves	(\$275,000)
Provision for IFRS9 Expected Credit Loss Impact	(\$30,000)
Dividend for Membership Qualification shares 10%	(\$18,825)
Honoraria	(\$8,050)
Scholarship	(\$5,000)
Disaster & Social Outreach	(\$5,000)

The appropriation of the surplus as presented by the Treasurer was approved on a motion moved by Mr. Ertis Blake, seconded by Ms. Erica Scott and carried by the meeting.

5.3.4 Fixing of Maximum Liability

In keeping with Rule 70, it is proposed that the maximum

liability for loans that the Board of Directors may borrow was set at 16 times the Credit Union's Capital and Reserve Fund was approved on a motion moved by Mr. David Hall, seconded by Mrs. June Matthews and carried by the meeting.

5.4 The Report of the Credit Committee

The Chairman referred the Meeting to the report on pages 96-98 of the Annual Report.

A motion for the Report of the Credit Committee to be taken as read, having been previously circulated, was moved by Mrs. Faith Bertram, seconded by Mr. Ernie Griffiths and carried by the meeting.

The Chairman invited questions in relation to the report of the Credit Committee.

There being no question, the Report of the Credit Committee was adopted on a motion moved by Ms. Janet Lewin, seconded by Ms. Cecelia Kerr and carried by the meeting.

5.5 The Report of the Supervisory Committee

The Chairman referred the Meeting to the report on pages 99-100 of the Annual Report.

A motion for the Report of the Supervisory Committee to be taken as read, having been previously circulated, was moved by Mrs. Daliah Royal, seconded by Ms. Pansy Stennett and carried by the meeting.

The Chairman invited questions in relation to the report of the Supervisory Committee.

There being no question, the Report of the Supervisory Committee was adopted on a motion moved by Ms. Gloria Henry, seconded by Ms. Joan Tugman and carried by the meeting.

5.6 The Report of the League Delegates

The Chairman referred the Meeting to the report on pages 101-102 of the Annual Report.

The motion for the Report of the League Delegates to be taken as read, having been previously circulated, was moved by Mrs. Judith Cawley, seconded by Ms. Claudella Merchant and carried by the meeting.

The Chairman invited questions in relation to the report of the League Delegates.

There being no question, the Report of the League Delegates was adopted on a motion moved by Ms. Phyllis Davis, seconded by Mr. Wesley Stennett and carried by the meeting.



Minutes of the 54th Annual General Meeting, Continued

6. Merger Presentation

Prior to the reading of the Resolution, Mr. Carlton Barclay gave a brief summary of D&G Employees Co-operative Credit Union Limited (D&GECUL). A history of C&WJCCUL's mergers was also narrated.

The Board and Management recommended the approval of the merger with D&G Employees Co-operative Credit Union Limited.

7. Resolution to Accept the Transfer of Engagement of D&GECUL to C&WJCCUL

The Resolution to accept the Transfer of Engagement of Desnoes & Geddes Employees Co-operative Credit Union Limited to Community & Workers of Jamaica Co-operative Credit Union Limited was presented for consideration.

An amendment to provision #3 of the Resolution was accepted to insert the words in "bold and underlined" to the provision:

*"The transfer of engagement will be on **the terms and conditions** agreed by both parties..."*

The Resolution was presented to the members for consideration as follows:

"BE IT RESOLVED that the members of the Community & Workers of Jamaica Co-operative Credit Union Limited agree at this Annual General Meeting held April 28, 2018 to accept the whole of the property and other assets and to honour the engagements of the Desnoes and Geddes Employee's Cooperative Credit Union Limited and to issue to each member of the Desnoes and Geddes Employee's Cooperative Credit Union Limited paid up shares equal to the amount standing to the credit of each member in the Share Ledgers of the Desnoes and Geddes Employee's Cooperative Credit Union Limited on the date when the transfer of engagement becomes effective, provided that:

- 1. These members agree to meet the Permanent shares requirements and minimum shares requirements of the Community & Workers of Jamaica Co-operative Credit Union Limited and/or its successors within twelve (12) calendar months after the effective date of the transfer of engagements.*
- 2. The transfer of engagements will become effective on May 1, 2018 or on a date to be fixed by the Registrar of Co-operative and Friendly Societies.*
- 3. The transfer of engagements will be on the terms agreed by both parties and the Board of Directors of the Community & Workers of Jamaica Co-operative Credit Union Limited is empowered to act on the members' behalf and will not make any decisions that are detrimental to the members.*

The motion to accept the Resolution was moved by Mr. Almando Jones, seconded by Ms. Lola Francis and carried by the meeting on this day, April 28, 2018.

The merger was approved by a vote of the members as follows:

Members entitled to vote were 455. 455 members voted for, none against and no abstentions.

7.1 Resolution of the Amendment of the Rules of C&WJCCUL

The Chairman invited Mr. Barclay to present the changes made to the Rule Book of the Credit Union to the members.

Mr. Barclay stated that the reasons for the changes to the Rules were:

- 1) the Rules were outdated and did not reflect the current realities of the Credit Union's operations;
- 2) to prepare for the draft BOJ Credit Union Regulations;
- 3) to provide for joint accounts.

Mr. Barclay highlighted some of the areas of change to the membership as under:

- a) Deferred Shares;
- b) Increase in the non-refundable entrance fee;
- c) To change the retention period for loan application documents;
- d) To include provisions for the advertisement of vacancies for which elections will be held etc.

Mr. Barclay answered questions from the members regarding changes made to the Rules. It was recommended that there should be no revision of Rule number 8. The motion to keep number 8 unchanged was moved by Ms. Andrea Richards, seconded by Ms. Carmen Thomas and carried by the meeting.

The Resolution to amend the Rules of Community & Workers of Jamaica Co-operative Credit Union Limited was read:

"BE IT RESOLVED that the members of the Community and Workers of Jamaica Co-operative Credit Union Limited at this Annual General Meeting held April 28, 2018, agree to amend the Rules of the Credit Union in accordance with the Co-operative Societies Act and the Credit Union's Rules as follows:

By rescinding the existing Rules numbering from one (1) to seventy-nine (79) in their entirety with the amendment to **Rule seven (7)** and by adopting the new Rules numbering from one (1) to eighty-six (86) with the amendments in their entirety which are presented as

Minutes of the 54th Annual General Meeting, Continued

proposed by the Secretary of the Board of Directors of the Credit Union at this Annual General Meeting of April 28, 2018, as the Rules of the Credit Union; provided that errors of commissions and omissions be corrected in satisfaction for the Registrar's approval."

The motion to accept the changes to the Rules of C&WJCCUL was moved by Ms. Bobette Rigg, seconded by Mr. Barry Brown and carried by the meeting.

The changes to the Rules of C&WJCCUL were approved by a vote of the members as follows:

Members entitled to vote were 455. 455 members voted for. There was no abstention and none against.

8. Elections

The Report of the Nominating Committee

The Nominating Committee Chairman, Mrs. Pauline Thompson, referred the Meeting to the report on pages 103-106 of the Annual Report.

Mrs. Thompson advised the meeting that the Nominating Committee was appointed by the Board of Directors on February 24, 2018, in keeping with Rule 65(1) and comprised of the following persons:

Mrs. Pauline Thompson, Chairperson, Mr. Shauneil James and Mr. Bornette Donaldson.

The Committee Chairperson presented the report. The proposal that the Report of the Nominating Committee be accepted en bloc was adopted on a motion moved by Mr. Ertis Blake, seconded by Mr. Barrington Whyte and carried by the meeting.

Ms. Tanesha Facey, of the Department of Co-operatives and Friendly Societies, conducted the election.

a) Board of Directors

The members listed below were nominated by the Committee to fill the vacancies on the Board of Directors for the term adjacent to each nominee:

■ Mr. Austin Brown	2 years
■ Ms. Bobette Rigg	2 years
■ Mr. Peter Scott	2 years
■ Mrs. Terrie-Ann Bennett	2 years

There being no other nomination, the abovementioned members were declared duly elected to the Board of Directors.

b) Credit Committee

The Nominating Committee nominated the members listed below to fill the vacancies on the Credit Committee for the

term adjacent to each nominee:

■ Ms. Natalie Stanford	2 years
■ Mrs. Norma Warburton-Thomas	2 years

There being no other nomination, the abovementioned members were declared duly elected to the Credit Committee.

c) Supervisory Committee

The members listed below were nominated by the Committee to fill the vacancies created by the requirement that all existing members of the Supervisory Committee retire at each Annual General Meeting:

- Mr. Darren Brown
- Ms. Judy-Ann Reid
- Ms. Carla Davy
- Mr. Rohan Saunders
- Mr. Daniel Scott
- Mrs. Dionne Mason-Gordon
- Ms. Hortense Hylton
- Mr. Wembley McGowan
- Dr. Richard Meggo
- Mr. Kevron Caine (D&G Nominee)

There being no other nomination, the abovementioned members were declared duly elected to the Supervisory Committee.

d) Management of Other Registered Societies

Delegates to the Jamaica Co-operative Credit Union League Ltd.

The President-Elect and the Chief Executive Officer were duly elected as delegates to the Jamaica Co-operative Credit Union League Limited.

Delegates to the JCIA

The Treasurer-Elect and the Chief Executive Officer were duly elected as delegates to the JCIA.

Delegates to QNET

The President-Elect and the Chief Executive Officer were duly elected as delegates to QNET.

The abovementioned delegates were declared duly elected to the Jamaica Co-operative Credit Union League, the Jamaica Co-operative Insurance Agency (JCIA) and Quality Network Co-operative Limited (QNET) on a motion moved by Mr. Ertis Blake, seconded by Mr. Barrington Whyte and carried by the meeting.

9. Any Other Business

A testimonial was received from Ms. Marie McLeod who publicly thanked the Credit Union for the support and

Minutes of the 54th Annual General Meeting, Continued

assistance given to her over the years.

Mr. Barrington Thomas asked for an investigation to be carried out on his account. Mrs. Marcia Aitcheson-Harrison was asked to follow up with Mr. Thomas.

10. Drawing of Gate Prizes

The gifts and prizes were drawn.

11. Adjournment

The Meeting adjourned at 3:20pm.



Terrie-Ann Bennett (Mrs.)
Secretary, Board of Directors



Minutes of the Special General Meeting of the Community & Workers of Jamaica Co-operative Credit Union Limited held on Saturday, August 18, 2018 at the Jamaica Conference Centre, 14-20 Port Royal Street, Kingston

1. Call to Order

The Chairman, Mr. Pete Smith called the meeting to order at 11:27 am.

2.1 Reading of the Notice and Convening of the Meeting

Mrs. Terrie-Ann Brown-Bennett, Secretary, read the Notice of the Meeting. She informed the meeting that there were 234 members present.

2.2 Prayer

Mr. Errol Bean offered prayer.

2.3 Welcome

The Chairman welcomed the members of the Board of Directors of C&WJCCUL, past and serving volunteers of the Credit and Supervisory Committees, members of the St. Elizabeth Co-operative Credit Union Limited, members of C&WJCCUL, guests, Management and Staff.

The Chairman extended special recognition to the following guests:

Mr. David Hall, Past President of C&WJCCUL; Mrs. Faith Bertram former Secretary of the Board; Ms. Katrina Grant-D'Aguilar of the JCCUL Group; Ms. Nicole Thomas of Caribbean Assurance Brokers Limited; Ms. Tanesha Facey and Mr. Clifton Freeburn of the Department of Co-operatives & Friendly Societies; Messrs. Delroy Foster, Fitzgerald Rowe, Christopher Dennis and Ms. Norma Neil of St. Elizabeth Co-operative Credit Union Limited; Mr. Wilburn Pottinger, Chairman of QNET and Mr. Franklin Small, Jamaica Police Co-operative Credit Union.

2.4 Apology for Absence

Apologies were tendered for the absence of Mr. Ertis Blake, former President of C&WJCCUL; Mr. Austin Brown, Director of C&WJCCUL; Mr. Errol Gallimore of the Department of Co-operatives & Friendly Societies.

Apologies for lateness were tendered on behalf of Mr. Darren Brown, Ms. Carla Davy and Mr. Kevron Caine, members of the Supervisory Committee; Ms. Natalie Stanford, Ms. Norma Warburton and Ms. June Matthews, members of the Credit Committee.

3. Chairman's Opening Remarks

The Chairman reminded the members that the purpose of the meeting was to seek the members' approval to accept the Transfer of Engagements of the St. Elizabeth Co-operative Credit Union Limited (STECCUL) to the Community & Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL). He further stated that a brief history of C&WJCCUL would be presented and the financial statistics of both Credit Unions as well as the benefits to be had as a result of the merger.

4. Presentation from the JCCUL/DCFCS

The Chairman invited Mr. Clifton Freeburn of the Department of Co-operatives & Friendly Societies to make his presentation.

Mr. Clifton Freeburn on behalf of the Department of Co-operatives & Friendly Societies congratulated both STECCUL and C&WJCCUL on their decision to merge and extended well wishes and continued success.

5. Presentation from the Chief Executive Officer

Mr. Carlton Barclay, Chief Executive Officer of C&WJCCUL was invited to make his presentation. Prior to Mr. Barclay's presentation, the Chairman advised the meeting that on July 26, 2018, the Board and members of the St. Elizabeth Co-operative Credit Union Limited voted in favour of the merger. 244 members had voted for the merger with five against.

A brief history and summary of the reasons for the merger were given by the Chief Executive Officer as follows:

5.1 Facts about C&WJCCUL

C&WJCCUL was established in 1961 by employees of the then Jamaica Telephone Company (JTC) with 135 members and is the product of a number of successive mergers beginning with JAMINTEL Co-op in 1996 and culminating to date with D&G Employees Co-operative in 2018 with over 89,000 members.

At the end of June 2018, Total Assets stood at \$13.16 billion; Total Savings of \$10.16 billion and Total Loans of \$8.88 billion. Net Surplus as at 2017 was \$342 million.

5.2 Reasons for the Merger

A combined entity will:

- Allow us to compete more effectively
- Provide increased ATM access
- Provide Internet banking facilities
- Enable greater access to products and services via our branch network across eight parishes
- Enable us to increase management capability
- Enable us to benefit from the increase in assets; increase in revenue and reduction in expenses
- Give us location dominance with more than 20 branches throughout the island.
- Improved ability to meet regulatory requirements.
- Enable us to be the largest Credit Union in Jamaica with combined Assets of \$15.6 billion.

5.3 Financial Statistics

The combined entity will create a much stronger credit union with:

- Total Assets of \$15.63 billion
- Total Savings of \$12.24 billion
- Stronger Capital ratio



Minutes of the Special General Meeting, Continued

- Reporting Standard (IFRS)

5.4 Corporate Governance

Both our Credit Unions share similar attributes in relation to the following:

- Similar Values
- Operate according to international best standards -
 - o Board of Directors
 - o Credit Committee
 - o Supervisory Committee
 - o Regulated by the Bank of Jamaica
 - o Social outreach programmes

6. Resolution to Accept the Transfer of Engagement

The Chairman invited Ms. Tanesha Facey, of the Department of Co-operatives and Friendly Societies, to present the Resolution.

Ms. Tanesha Facey referred the members to pages 7 and 8 of the SGM Booklet, which was the Resolution to accept the Transfer of Engagements of St. Elizabeth Co-operative Credit Union Limited to Community & Workers of Jamaica Co-operative Credit Union Limited. Prior to reading the Resolution, she indicated that there was one minor change to the Resolution which would not significantly impact the Resolution and would be pointed out to the members at the appropriate time.

Ms. Facey indicated that the change was in the 3rd clause as under:

Booklet stated:

"Whereas the Co-operative Societies Act requires that a special resolution of members of each society is necessary to effect the merger and that such a resolution has to be passed by a majority of not less than 75% of members present at a general meeting of the members and;"

Amended Clause:

"Whereas the Co-operative Societies Act requires that a special resolution of members of each society is necessary to effect the merger and that such a resolution has to be passed by a majority of not less than three-fourths (3/4) of such members of the registered society present and entitled to vote at any general meeting of which at least ten (10) days notice specifying the intention to propose the Resolution has been given. "

The Resolution was read.

BE IT RESOLVED that the members of the Community & Workers of Jamaica Co-operative Credit Union Limited, agree at this Special General Meeting held August 18, 2018, to accept the whole of the property and other assets and to honour the engagements of the St. Elizabeth Co-operative Credit Union Limited and to issue to each member of the St. Elizabeth Co-operative Credit Union Limited paid up shares equal to the amount standing to the credit of each member in the Share Ledgers of the St. Elizabeth Co-operative Credit Union

Limited on the date when the transfer of engagement becomes effective, provided that:

These members agree to meet the minimum requirements for Permanent Shares as per the Rules of the Community & Workers of Jamaica Co-operative Credit Union Limited and/or its successors within twelve (12) calendar months after the effective date of the Transfer of Engagements.

The Transfer of Engagements will become effective on September 1, 2018, or on a date to be fixed by the Registrar of the Department of Co-operatives and Friendly Societies.

The Transfer of Engagements will be on the terms agreed by both parties and the Board of Directors of the Community & Workers of Jamaica Co-operative Credit Union Limited is empowered to act on the members' behalf and will not make any decision that is detrimental to the members."

Ms. Tanesha Facey addressed a question from the membership regarding the Resolution with respect to the amendment.

A motion to accept the resolution for the Transfer of Engagements of St. Elizabeth Co-operative Credit Union Limited to Community & Workers of Jamaica Co-operative Credit Union was moved by Mr. Kenneth Cole, seconded by Ms. Celia Kerr and carried by the meeting.

The resolution and acceptance of the Transfer of Engagements of St. Elizabeth Co-operative Credit Union Limited was approved by a vote of the members as follows:

Members entitled to vote were 250. 206 members voted for, none against and 44 abstentions.

7. Any Other Business

There was no other business.

7.1 Presentation of Gifts

Gifts were presented.

8. Adjournment

The Chairman thanked the Board of Directors, past and serving members of the Credit and Supervisory Committees, St. Elizabeth members, Management and Staff for the strong support displayed.

The meeting adjourned at 2:10 pm.

Terrie-Ann Bennett (Mrs.)
Secretary, Board of Directors



BOARD of **DIRECTORS**

**BUILDING LIVES.
BUILDING COMMUNITIES.**



**Pete
Smith**
(President)



**Condell
Stephenson**
(1st Vice President)



**Paulette
Howell**
(2nd Vice President)



**Bobette
Rigg**
(Treasurer)



**Ashlyn
Malcolm**
(Assistant Treasurer)



**Terrie-Ann
Bennett**
(Secretary)



BOARD of **DIRECTORS**

**BUILDING LIVES.
BUILDING COMMUNITIES.**



Pauline
Thompson
(Assistant Secretary)



Peter
Scott
(Director)



Michael
Dunn
(Director)



**Austin
Brown**
(Director)



**Norma
Neil**
(Director)



**Delroy
Foster**
(Director)



**Winston
Green**
(Director)

Report of the Board of Directors for the Year ended December 31, 2018

BUILDING LIVES. BUILDING COMMUNITIES.

On behalf of the Board of Directors, I am pleased to report on the success of Community & Workers of Jamaica Co-operative Credit Union Ltd in BUILDING LIVES and BUILDING COMMUNITIES. The 2018 financial year was a successful one for C&WJ. We achieved solid results for our stakeholders, while delivering excellent customer service. The success of our Credit Union is underpinned by our Mission to improve the Financial Wellbeing of our members. As such in 2018 we focused on driving efficiency in our operations as we seek to continuously improve our delivery channels to better serve our members, strengthen our leadership and reduce operating costs.

The Board is committed to the task of ensuring that our Credit Union continues to be responsive to the changes in our economic environment as we grasp the benefits to be accrued to our members.

Performance of the Jamaican Economy

The following outline the economic indicators relating to the performance of the Jamaican economy in 2018 and the overall positive expectations for the future:

- The All Jamaica 'All Divisions' Consumer Price Index (CPI) recorded an inflation rate of 2.4 per cent in 2018. This rate was 2.8 percentage points lower than the 5.2 per cent recorded in 2017.
- At end-2018, the Jamaica Dollar depreciated on a year-over-year basis by 2.2 per cent against the US dollar. This compared with a point-to-point appreciation of 2.7 per cent at end-2017.
- Market interest rates continued to trend downwards, consistent with improved liquidity conditions and in response to the BOJs' monetary policy signals. Weighted average yields on GOJ 180-day T-Bills declined to 2.07% at end-2018 from 4.63% at end-2017.
- Improvement in business and consumer confidence was reported for 2018.
- The Jamaican economy recorded real GDP growth of 1.8 per cent for the calendar year 2018, representing the sixth consecutive year of real GDP growth.
- In October 2018, the unemployment rate was 8.7 per cent. This represented a reduction of 1.8 percentage points relative to 10.5 per cent in October 2017.
- Jamaica's Balance of payments closed the year at \$3,005.41M falling below the \$3,208.3M at Dec 2017. This was still above international benchmark representing 19.47 weeks of imports.
- Jamaican stocks surged by almost 300 percent in 2018, more than quadrupling the next best performing national benchmark tracked by the Bloomberg media group. The value of the JSE's main index continued on its outstanding performance over the past five years rising by 29 percent in 2018, the most among 94 national benchmarks tracked.
- The outlook for Fiscal Year 2019/20 is also positive, with projected growth within the range of one to two percent.

BOJ ANNUAL REPORT 2018

The Bank of Jamaica in its annual report for 2018 indicated that positive performance is expected to continue in the Deposit Taking Sector.

"It is anticipated that continued favourable credit conditions and a stable macro-economy should support ongoing positive performance within the DTI sector over the short to medium term."



Pete Smith
President

Report of the Board of Directors, Continued

Pending amendments to legislation include:

- The Bank of Jamaica (Amendment) Bill
- The Co-operative Societies Amendment Bill
- The Credit Unions (Special Provisions) Bill
- The Micro Credit Bill.

Performance of the Credit Union Movement

At December 2018 the number of Credit Unions in Jamaica contracted to 26 following two mergers during the year. The movement continued to perform creditably in relation to a number of its key result areas with assets growing by 9% to close the year at \$113.14B; savings growing by 9% to \$87.95B; and loans by 10% to \$80B. Profitability recorded a decline in the ratio of net surplus to average assets. This ratio declined from 1.86% to 1.68%. The Bank of Jamaica Credit Union Regulations was still not passed in 2018.

C&WJ Credit Union Performance

During 2018 the focus of the Credit Union was to build our members' lives and communities. The Credit Union performed exceptionally in its execution of the member growth strategy both organically as well as through the merger strategy.

The Credit Union achieved a 39 percent growth in assets during 2018. This resulted in another milestone being attained by the Credit Union. C&WJ Credit Union is now ranked the number one Credit Union in Jamaica in terms of assets. This was achieved from our mergers as well as through organic growth, and was achieved through living our Mission. The Credit Union delivered to our members more superior products, to enhance their financial wellbeing. This was well received by our members and reflected in the growth in savings of 34% over 2017.

I am also pleased to advise that our Credit Union is still in pursuit of our merger strategy. During 2018 your Credit Union implemented two mergers. Our merger with the D&G Employees Co-operative Credit Union was effective on May 1, 2018, while our merger with St. Elizabeth Co-operative Credit Union was effective on September 1, 2018. We welcome our new Family Members.

C&WJ is also currently engaged in merger talks with another Credit Union.

Performance in Key Result Areas

The strategic imperatives for the Board involved ensuring that the Credit Union achieves growth; profitability; regulatory compliance and very importantly, member satisfaction. The Credit Union's performance in 2018 in key result areas are set out in the following table:

Key Result Areas	2018	2017	%
Membership	122,458	86,132	42
Assets (\$B)	16.020	11.536	39
Savings (\$B)	12.560	9.347	34
Loans (\$B)	10.664	8.542	25
Regulatory Capital (\$B)	2.476	1.601	55
Net Surplus (\$M)	102.4	381	-73
Customer Satisfaction	96%	98%	-2%

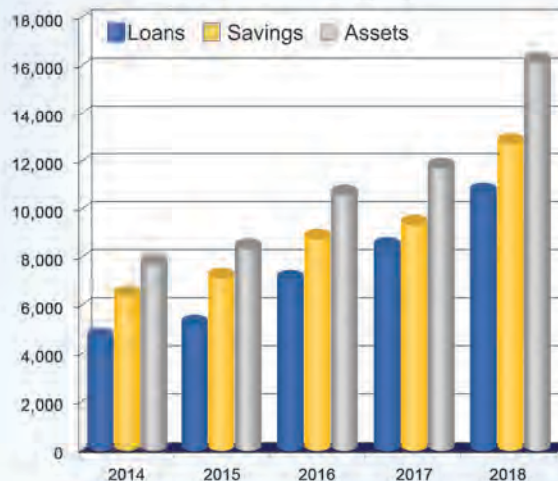
Growth

The Credit Union continued to pursue our growth strategy during 2018. The skilled execution of the strategy continued to produce exceptional results as the Credit Union experienced significant growth in all areas of our operations during 2018. Our members responded resoundingly to our savings programs, increasing savings by over \$3.2B; increasing Deferred Shares by \$600M, and an additional \$2B in loans. C&WJ Credit Union at the end of December 2018 was the largest Credit Union in Jamaica based on total assets, and controlling market share of over 14% of the movement's savings.

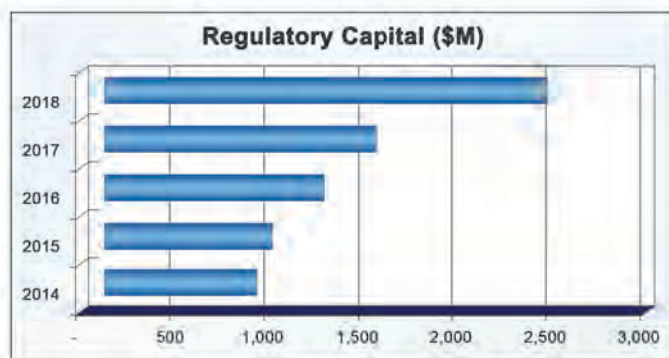
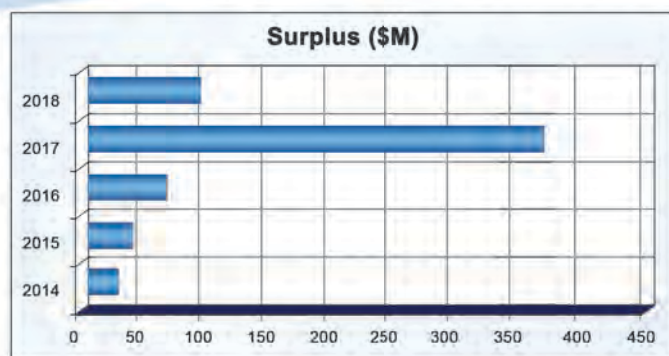
2018 Customer Satisfaction Rating



5 Year Growth (\$M)



Report of the Board of Directors, Continued



Profitability Surplus

Despite a very challenging year for the Jamaican economy our Credit Union made a surplus of \$102 million for the year. This represents a decline of 73% when compared to the \$381M achieved in 2017.

The distributable surplus at December 31, 2018 was \$128M. The Directors in keeping with Article XIV Rule 73 and Article XV Rule 74 have transferred \$93.25M of this surplus to Statutory Reserves after which the amount available for distribution at this meeting is \$34.7M. The Directors recommendations to the meeting for the appropriation of this surplus are set out in the Treasurer's Report.

Loans Charge-Off

During the year the Credit Union charged off loans amounting to \$129.6M in accordance with the requirements of the JCCUL. The charged –off loans represented 1.19% of the total gross loans outstanding at December 2018. (2017, 0.57%) Some of these loans are secured by assets that are in the process of being realized and others have been referred to our contracted collection agency. The Credit Union estimates that we will be able to recover a portion of the amounts written-off. During 2018 the Credit Union recovered \$52 million, from loans previously written off.

No director, committee member, staff or persons known to be

connected to any of those persons were included in the list of loans written off.

Your directors take the opportunity to once again alert members to the responsibility of both the Credit Union and the members to exercise prudence in lending and borrowing. The risk mitigation strategies having been implemented have produced very favourable results. At December 2017 the Credit Union's delinquency ratio was at 2%, its lowest in our recent past. This ratio increased to 7% at December 2018 as a consequence of the merger with St. Elizabeth. The Credit Union has however successfully began the process of reducing this ratio, and have already, post 2018 year-end, brought it in line with the PEARLS Ratio requirement of less than 5%.

Customer Satisfaction

The Credit Union's annual Customer Satisfaction Survey was conducted in October 2018. The results showed that 77% of the members rated the service they received at their branch as excellent or very good, with another 19% rating the service as good but needing improvement. Therefore 96% of the members surveyed gave the Credit Union a positive rating. The Credit Union continued to work on the areas that need improvements.

Regulatory Compliance

Department of Co-operatives and Friendly Societies

During the year the Credit Union operated within the Rules and Regulations set by our Regulator. All required reporting were satisfied.

Jamaica Co-operative Credit Union League

Your Credit Union continues to adhere to the safety and soundness principles including the PEARLS prudential financial performance standards established by the League's Stabilization Fund. During the year the members' savings were fully guaranteed under the League's Stabilization Fund.

Bank of Jamaica

The Credit Union continued to submit monthly reports to the Bank of Jamaica (BOJ) as well as satisfying the Fit and Proper requirements for Officers. The Bank of Jamaica Credit Union regulations were still not enacted at December 31, 2018. The Credit Union however continue to align our operations in preparation for licensing by the Bank of Jamaica.

Financial Services Commission (FSC)

Your Credit Union continues to be a Licensed Securities Dealer and to submit statutory returns under the provisions of the Securities Act, administered by the FSC.

Board Governance

During the year the Board continued to provide oversight of the operations of the Credit Union through the following tools:

Report of the Board of Directors, Continued

- Monthly Board Meetings
- Monthly and or periodic reports from Supervisory Committee; Credit Committee; and Board Appointed Committees, such as the Arrears Management Committee, the Property Committee, the Asset Liability Management Committee (ALCO), The new Policy Review Committee, the Information Technology Committee, the Enterprise Risk Management (ERM) Committee and the Education Committee.
- Annual Strategic Planning Retreat
- Specific Training of Board Members
- The Balance Scorecard
- The introduction of the new Whistle Blowing Policy and the Ethics and Corporate Behaviour Committee.

Additionally other initiatives on which the Board wishes to report include the following:

Board Performance

Officers and Directors

Mr. Pete Smith was re-elected President of the Credit Union at the Re-organizational Meeting held in May 2018. The officers and directors of the Credit Union were:

- Pete Smith - President
- Condell Stephenson - 1st Vice President
- Paulette Howell - 2nd Vice President
- Bobette Rigg - Treasurer
- Terrie-Ann Bennett - Secretary
- Ashlyn Malcolm - Asst. Treasurer
- Pauline Thompson - Asst. Secretary

The other Directors were: Mr. Peter Scott; Mr. Michael Dunn; and Mr. Austin Brown.

As part of the merger agreement the following directors joined the Board during the year:

- Mr. Winston Green – D&GECCUL – May 2018
- Mr. Delroy Foster – STECCUL – Sept 2018
- Mrs. Norma Neil – STECCUL – Sept 2018

Meeting Attendance

Attendance at Directors' Meeting is set out as follows:

ATTENDANCE AT BOARD MEETINGS FOR THE PERIOD JANUARY TO DECEMBER 2018

DIRECTORS	# of Possible Meetings	Meetings Attended	Absent with Excuse
Bennett, Terrie-Ann	12	10	2
Brown, Austin	12	12	-

DIRECTORS	No. of Possible Meetings	Number Attended	Absent with Excuse
Dunn, Michael	12	11	1
Foster, Delroy	4	4	-
Green, Winston	8	6	2
Howell, Paulette	12	11	1
Malcolm, Ashlyn	12	11	1
Meggo, Richard	4	4	-
Neil, Norma	4	4	-
Rigg, Bobette	12	10	2
Scott, Peter	12	12	-
Smith, Pete	12	10	2
Stephenson, Condell	12	11	1
Thompson, Pauline	12	11	1

Corporate Social Responsibility Programs

Education Assistance Programmes

In 2018 the Credit Union continued its focus on our youth in the Secondary School system through the provision of assistance under the Secondary School Assistance Programme (SSAP).

The Credit Union awarded over \$3 million under the Ertis Blake Tertiary Scholarship; the Desmond Duval Scholarship; and the F.T. Spence Memorial Scholarship for students pursuing programmes at the tertiary level. Ninety-Five scholarships and Bursaries valuing over \$2 million, were granted to children of members throughout the branches of the Credit Union.

During the year our members voted to add \$5 million to the Scholarship Fund from the 2017 surplus, while the Credit Union paid out \$5.1 million in scholarships, bursaries and grants. At year-end the Fund had a balance of \$3.8 million. This year the Directors are proposing the addition of \$5 million to the scholarship fund as an appropriation from the surplus.

The Directors wish to thank the Chairman of the Education Committee, Miss Paulette Howell and its other members Mrs. Terrie-Ann Bennett, Mr. Pete Smith, Mr. Peter Scott, Mr. Errol Bean, Miss Brenda Reid and Mr. Carlton Barclay for their hard work and dedication in serving our youths.

Other Social Outreach Programs

During the year the Credit Union in its role of being a good corporate citizen supported several charitable causes in our communities, this included Westmoreland, Clarendon, St. Ann, Montego Bay, Manchester and Kingston & St Andrew.



Report of the Board of Directors, Continued

The Society gave support to the tune of \$3.5M to a number of charitable activities, including: JCDC Clarendon, Calabar Trust, United Way of Jamaica, Kiwanis Club of Kingston, Jamaica Red Cross, St Ann Chamber Of Commerce, St Andrew Justice Of The Peace Association; Rotary Club of St Andrew, St Mary Chamber Of Commerce, and Best care Foundation. The Credit Union also brought Christmas cheer by donating hampers of groceries, (two per branch) to many of the less fortunate who reside in the communities that we serve.

Obituaries

We regret to report that during the year a number of our valued members passed on. Their names are set out on page 140 in this booklet. The Board of Directors extends condolences to their families, on your behalf.

On behalf of the Board of Directors, I also wish to thank the many individuals and institutions in the Credit Union family, the volunteers, Jamaica Co-operative Credit Union League Limited, CUNA Mutual Insurance Society, National Union of Co-operative Societies (NUCS), Co-operative Department, and the other organizations with which the Credit Union worked during the year. I also wish to salute the past Presidents and Board members who have served this noble institution with distinction over the past years and continue to be a valuable source of wisdom and guidance.

The Board also thanks FLOW; JAMALCO; ICD GROUP; NWC; D&G and our several other strategic partners for the level of co-operation and support.

Thanks to the members of our Executive Management Team Mr. Carlton Barclay; Mrs. Joyce West-Johnson, Mr. Almando Jones; Mrs. Sacha Vaccianina-Riley, Mrs. Tracy-Ann Henry-Williams and Mrs. Marcia Aitcheson-Harrison; and other managers and staff for their professionalism and concern for the welfare of the Credit Union and the members. The Board also wishes to thank you the members, who continue to faithfully support the Society.

I am, grateful for the opportunity to have served the members of this great institution. As your President and committed servant it is my duty to advise you that at the end of this AGM I will be stepping down from office and a new President will be selected. This is in keeping with our rules and specifically our Term Limits requirements of all officers which requires an officer to step down from all duties for at least one year. I have grown professionally and have learnt immensely during my tenure as President. It was my pleasure to serve you with pride and humility. I will always be faithful to our Credit Union and our mission. Thank you all.

For and on behalf of the Board.

Signed



Pete Smith
President

Community & Workers of Jamaica (C&WJ)
Co-operative Credit Union Limited
presents

IMAGINE SAYE

Can you imagine...

- getting up to **4%** on your savings?
- getting up to **90%** of your accumulated savings as a loan?
- choosing your own interest rate?
- having interest on your savings compounded monthly?
- getting free life insurance of up to **\$5 million** to cover your savings, without doing a medical?

Plus if you die after just one month's payment the total amount you were saving towards is paid quick, quick to your beneficiary!

IMAGINE IT!

**Start a Save As You Earn (S.A.Y.E.) Plan
with Community & Workers of Jamaica Co-operative Credit Union
... and Watch it Grow!**

Conditions Apply

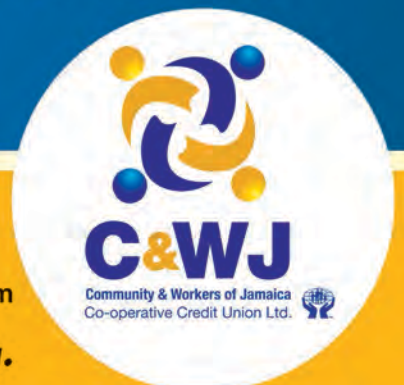
Community & Workers of Jamaica Co-operative Credit Union Limited

Head Office | 51 Half Way Tree Road, Kingston 10

Tel: (876) 936-3800 | Fax: (876) 929-8118 | Email: info@cwjcu.com | www.cwjcu.com



Discover the Benefits of Belonging.





MANAGEMENT TEAM

BUILDING LIVES.
BUILDING COMMUNITIES.



Carlton Barclay
FCCA, FCA, MBA
Chief Executive Officer



Joyce West-Johnson
JP, FCCA, FCA, M.Sc., B.Sc.
Chief Operating Officer



Almando Jones
FCCA, ACCA, BA
Chief Financial Officer



Sacha Vaccianna-Riley
CIRM, CLE, M.Phil., LLB, BA
Chief Legal, Risk &
Compliance Officer



Tracy-Ann Henry-Williams
M.Sc., B.Sc.
Chief Credit Officer



Maria Chen
FCCA, FCA, Dip Business Studies
Internal Audit Manager



Brenda Reid
M.Sc., B.Sc. (Hons.)
Human Resources and
Administration Manager



Marcia Aitcheson-Harrison
MBA-MIS, BSc.
Chief Retail Officer



Derron Seville
PMP, M.Sc., B.A
Chief Information Officer



The Management Report to the 55th Annual General Meeting

BUILDING LIVES. BUILDING COMMUNITIES.

I am pleased to present the management report on the operational activities of our Credit Union for the year ended December 31, 2018. The Credit Union has performed better than expected in both the financial as well as the non-financial aspects of the business. Despite the fiercely competitive financial marketplace within which we operated for 2018, Community and Workers of Jamaica Co-operative Credit Union (C&WJCCUL) focussed on the many strategic imperatives developed by Management and supported by the Board of Directors and its Members. Among the many successes we achieved are the following:

1. Positioned as the Number One Credit Union in Jamaica in terms of assets
2. 39% Growth in Assets
3. 42% Membership Growth
4. Loans growth of 25%
5. Growth in capital of 50%
6. Growth in savings of 34%
7. Customer satisfaction rating of 97%
8. Implemented significant improvements in technology
9. Successful implementation of two mergers in 2018
10. Successful Deferred Shares Offer of \$900 Million

2018 Strategic Priorities

The Board had determined the 2018 Strategic Priorities for the Credit Union to be in the following areas:

1. Regulatory Compliance
2. Enterprise Risk Management
3. Member Value
4. Growth- Organic or through Mergers
5. Improvement in Technology
6. Corporate Social Responsibility

1. Regulatory Compliance

a) Licensing by the BOJ

The Draft BOJ (Credit Union) Regulations were not enacted during 2018. Having reviewed the draft of the Act, the Credit Union continued to prepare itself for licensing by the BOJ by ensuring that the organizations policies, procedures and processes are, or will be in compliance with the BOJ requirements by the time the Regulations are enacted.

The Draft Regulations outlined the capital standards, which credit unions will be required to comply with. At December 2018 C&WJCCUL was in compliance with most of these standards and ratios. The Credit Union continued to submit reports to the Bank of Jamaica as required on a monthly basis.

b) IFRS 9 Preparedness

During 2018 CWJCCU successfully implemented the adoption of IFRS 9 – Financial Instruments which took effect for January 1, 2018. IFRS 9 replaced IAS39 – Financial Instruments: recognition and measurement.

c) JCCUL

The PEARLS Ratios represent the main standard used by the Jamaica Co-operative Credit Union League to regulate Credit Unions in Jamaica. During 2018 the Credit Union



Carlton Barclay,
FCCA, FCA, MBA
Chief Executive Officer (CEO)



The Management Report, Continued

continued to operate in compliance with these standards. The Credit Union continued to submit monthly returns as required by the League during 2018. The Credit Union was also fully compliant with the payment of League Dues and Stabilization Dues for the year 2018.

d) AML/CFT Compliance

Financial Institutions operating in Jamaica are required to institute policies, procedures and programmes to prevent and detect money laundering and financing of terrorist activities in keeping with the provisions of the Jamaican Anti- Money Laundering and Counter Financing of Terrorism (AML/CFT) laws, and any applicable Guidance Notes. The Credit Union continued to be in compliance with these requirements.

The Credit Union also complied with the requirements of our Regulatory Bodies including the Department of Co-operatives and Friendly Societies; and the Financial Services Commission.

2. Enterprise Risk Management

The Enterprise Risk Management Committee which was established by the Board remained fully active throughout the year. This committee meets at least quarterly and submits an ERM report to the Board on the results, findings and recommendations.

3. Member Value

a) Value Added Service

Our mission is to enhance the financial wellbeing of our members by providing them with superior financial services and innovative products in a friendly environment. To this end, we have launched an online membership application form; members now have the ability to transfer funds online to other Credit Union members; as well as between the Credit Union and commercial banks. Very soon members will have access to even more products and services in the online channel.

b) Human Resource Development

One major tenet of our mission is empowering and motivating our employees. We are committed to developing our team members' skills and competencies. In that regard training and development is one area of focus, hence several training initiatives are being planned for roll out to staff at all levels during 2019.

4. Mergers

The Credit Union successfully implemented two mergers during 2018. Both mergers accounted for overall growth in assets of 26%; and membership growth of 38%.

- The merger with the Desnoes & Geddes Employees Co-operative Credit Union was implemented on May 1, 2018;

- The merger with the St. Elizabeth Co-operative Credit Union was implemented on September 1, 2018.

5. Improvement in Technology

Technology investments are directed at innovation across our Credit Union. Since 2017, we have invested heavily in new technology initiatives. This includes reworking most of our major systems and adding innovative capabilities, while also building an architecture for maximum efficiency. The following improvements in information technology were initiated or implemented during the year:

- The successful implementation of our new core banking system (Sharetec) was completed in November 2018. This implementation provides scope for greater online access for our members and significantly increases the availability of new and improved delivery channels.
- Improvements to Enterprise Risk management with an increasingly greater focus on Cyber Security. We continued to ensure that any weakness identified in the Credit Union's physical and logical IT asset management were strengthened, specifically with respect to vulnerability and the administration of access, authorization and authentication.
- Improvements were made to simplify and deliver to our Credit Union family an internet banking facility which was more seamless and user friendly.

6. Corporate Social Responsibility

We operate from twenty-two branch offices in nine Parishes; cities, towns, and communities across Jamaica. We are part of the fabric of those communities, where our members and teammates live, work, and raise their families. As a good Corporate Citizen, during the year we continued to Build Lives and to Build Communities. We specifically focused on education and youth development through our Secondary School Assistance Program (SSAP). The staff of all branches was involved in the numerous corporate social outreach activities of the Credit Union. These activities were in the areas of health care, community welfare, education, and care for the elderly and youth empowerment.

Our Staff engaged in these activities on their own time, working in children homes, reading for basic school children, feeding the elderly, repairing facilities, planting trees and beautifying public areas.

Credit Union week activities were held in the week of October 14-20 and CWJCCUL ensured that our members were shown special appreciation between October 15th and 19th 2018.

2018 Performance in Key Result Areas

The Credit Union continued to measure our key performance indicators against the international credit union PEARLS



The Management Report, Continued

Standard, against our peers in the credit union movement, as well as against the targets set for the 2018 financial year.

Our performance measures covered financial targets as well as non-financial targets, and facilitated proactive response to changes in our environment. We are pleased to report that we focused on the following key performance indicators and during the year the actual results exceeded the targets in most of the KPI's.

Growth

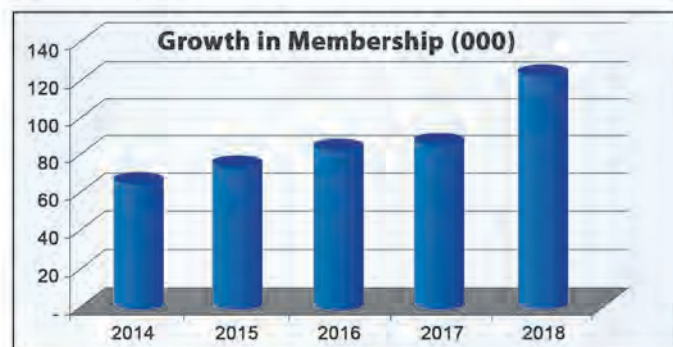
Signs of Growth is one of the very important KPIs on the Balanced Scorecard which the Credit Union measures and reports to the Board on a monthly basis. The Charts below tracks the Credit Union's growth in Assets; Savings and Loans over the five year period to December 2018:

Total assets increased by \$4.5 Billion to \$16 Billion or 39% above the 2017 value of \$11.5 Billion. This growth was achieved through mergers as well as through organic growth. The movement in the asset base between 2014 of \$7.7 Billion; and 2018 of \$16 Billion represents a massive increase over the period, of 108%.



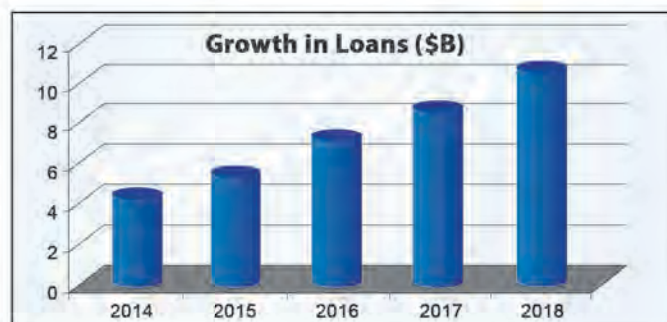
Growth in Membership

The Credit Union also experienced exponential growth in the number of members, moving from 67,128 members in 2014 to 122,458 at December 31, 2018 representing an increase over the five year period of over 82%. Growth for the one year period 2018 was 42%.



Growth in Loans to Members

Growth in loans to members was also significant at 25% over the one year period. The Credit Union continues to tailor products and services to cater to the needs of our members, irrespective of the communities or industries within which they are located.



Growth in Savings

Savings deposits grew by \$3.2Billion to \$12.56 Billion or 34% above the 2017 position. The major savings types continue to show good performance. The New SAYE Savings Promotion which was finalised during this year generated a high level of interest from the members. The offering was very attractive in terms of the rate of return to the members and the free life insurance coverage. One lucky member from the St. Ann's Bay branch was the first winner of a brand new 2017 Toyota Yaris Motor Car, while the second winner was from our Kingston Branch. The Credit Union continue to deliver very attractive rates on savings to our members.



Net Surplus

The Credit Union realised net surplus of \$102 million for the year 2018. This was well below the \$381 million which was realized for the year 2017 which was positively impacted by a major one-off event, that being a refund of J\$119 Million in LIME Pension surplus.

As part of our continued quest to achieve operational excellence, in 2018 significant investments were made in technology and infrastructure. This was well needed to bring C&WJ in line with the technological realities of the market

The Management Report, Continued

within which we currently operate, and to prepare us for future growth and development.

This year the Credit Union also complied fully with the new requirements of IFRS9 which required that a higher level of provision be set aside to protect our assets. This required an increase of 89% above the provision made last year.

Capital

As one of the strategic imperatives the Credit Union continued to increase its capital base to ensure that the members' savings are protected by as large a buffer as possible. This year the Credit Union rolled over \$300 Million in Deferred Shares; raised an additional \$600 Million in Deferred Shares; and transferred \$93.2 Million from surplus to the Statutory Reserve Fund. This puts the Credit Union in a very strong capital adequacy position at year-end 2018. During the year the Credit Union complied with the capital requirements under the Draft Bank of Jamaica Regulations as well as the capital requirements under the Jamaica Co-operative Credit Union League. At December 2018 the Credit Union's capital ratio was 16% which exceeded the requirements of both standards.

Member Satisfaction Survey

Member Satisfaction

Top 3 Attributes Driving Customer Satisfaction with C&WJ

Staff's Professionalism - 94% satisfied

Staff's Helpfulness - 93% satisfied

Staff's Friendliness - 91% satisfied

Top 3 Features of C&WJ

Location Convenience - 91% satisfied

Variety of Products & Services - 88% satisfied

Ease of Doing Business - 88% satisfied

The 2018 Member Satisfaction Survey was conducted by Marketing Strategy Ltd. The results showed that 96% of our members rated the service received from the Credit Union as good to excellent.

Acknowledgement

The Credit Union recognizes and celebrates Mr. Fitz Rowe, one of the most outstanding managers and Icons within the credit union movement, for his tremendous contribution, dedication, and outstanding leadership and service to the St. Elizabeth Co-op Credit Union (STECCU) for over 38 years, and his transition in leading the consolidation with C&WJCCUL.

Mr. Rowe, the credit union man, with such a distinguished career presided over one of the most progressive and outstanding credit unions in Jamaica will be retiring effective April 30, 2019. Under his leadership, STECCU transitioned from a Small Credit Union in 1981 with 1,000 members and \$300,000 in assets; to a Large Credit Union in 2018 with membership of over 31,500 and assets of over \$2.6 Billion.

On behalf of the Board of Directors, management and staff I wish to thank Mr. Rowe for his sterling contribution, and we wish for him a long and happy retirement.

Appreciation

On behalf of the staff and Management of C&WJCCUL, I wish to thank the Directors and Committee Members for their support.

Finally, I wish to thank the members of the Credit Union for the many ways in which they have showed their loyalty and expressed their appreciation for the service provided by the staff.



Carlton Barclay, FCCA, FCA, MBA
Chief Executive Officer



Andrea Mumby
St. Ann's Bay Branch
Senior Regional Manager



Karice Bennett
Savanna-la-Mar Branch
Regional Manager



Kim McKoy
Harbour Street Branch
Regional Manager



Daliah Royal
May Pen Branch
Regional Manager



Sandra Ebanks
Santa Cruz Branch
Regional Manager



Latoya McKenzie
Port Maria Branch
Branch Administrator



Rosemarie Lee-Weir
Kellits Branch
Branch Administrator



Jennifer Taylor
Jamalco Branch
Branch Administrator



Carmen Barrett
Lionel Town Branch
Branch Administrator



Kerron Jones
Grange Hill Branch
Branch Administrator



Kesian Wedderburn
Whitehouse Branch
Branch Administrator

**BRANCH MANAGERS
& ADMINISTRATORS**

**BUILDING LIVES.
BUILDING COMMUNITIES.**



Christine Miller
Head Office Branch
Branch Manager



Hyacinth Hines
East Parade &
Marescaux Road Branches
Regional Manager



Rosemarie Thompson
D&G Branch
Branch Administrator



Candiea Brim
Newport West Branch
Branch Manager



Michelle Kelly
Mandeville Branch
Branch Administrator



Melissa Blake-Robinson
Black River Branch
Actg. Branch Administrator



Lorean Myrie
Negril Branch
Branch Administrator



Jennolyn Morrison-Forbes
Montego Bay Branch
Branch Manager



Tracey-Ann Bright-Smith
Junction Branch
Branch Administrator



Shae Walton-Jones
Appleton Branch
Branch Administrator



PHOTO HIGHLIGHTS

54TH AGM HIGHLIGHTS



Mr. Pete Smith, President, presenting the 2017 Directors' Report to the 54th AGM.



Mr. Carlton Barclay, CEO, presenting the Management Report.



Ms. Bobette Rigg, the first female treasurer of the Credit Union, presenting the Treasurer's Report on the operations of the Credit Union for the year ending December 31, 2017. Ms. Rigg had previously served on the Credit Committee and has been serving as a Director since 2013.



(Left) Members vote on Resolution to amend the Rules of the Credit Union and accept the Transfer of Engagements of Desnoes and Geddes Employee's Co-operative Credit Union Limited to Community & Workers of Jamaica Co-operative Credit Union Limited.

C&WJCCUL'S SAVE AS YOU EARN AND WIN COMPETITION, 1ST DRAW WINNERS

Basil Thompson, is the lucky first draw winner of a brand new 2017 Toyota Yaris under the SAVE AS YOU EARN & WIN Competition by C&WJ Co-op Credit Union. The presentation of the prize car was done on Friday, January 26, 2018 at the Spanish Town office of Toyota Jamaica, while the Consolation prize winner Sidonny Nichol Creary was also presented with her symbolic \$50,000 cheque at the Credit Union's Head Office.



(From Left) Michele Nugent-Miller, Business Development Manager, C&WJCCU; Howard Foster, Sales & Marketing Manager, Toyota Jamaica; Almando Jones, Chief Financial Officer, C&WJCCU; Basil Thompson, 1st Draw Winner; Andrea Mumby, Snr. Regional Manager (C&WJCCU).

1ST DRAW WINNERS - Cont'd



(Left to right): Almando Jones congratulates consolation prize winner, Sidonny Nichol Creary. Sharing the moment are Michele Nugent-Miller and Michael Ringrose C&WJCCU).

D&G BRANCH OPENING - FORMER D&GECU MEMBERS WELCOMED TO C&WJCCU FAMILY



Pete Smith, President, C&WJCCU, brought greetings on behalf of the Board of Directors and members of C&WJCCU.



Carlton Barclay, CEO, C&WJCCU, second left, cut the ribbon as Winston Green, left, Former President - D&G Employee's Co-op CU/Director, C&WJCCU, Pete Smith, President, C&WJCCU, Peter Young, former Branch Manager, D&G Branch, applaud with delight.



D&G Branch Opening (from left) Peter Young (Former Branch Manager, D&G Branch); Yaniece Gnetles-Riley; Marian Allen, Karlene Burke, Terrie-Ann Bennett (Director, C&WJCCU), Bobette Rigg (Treasurer, C&WJCCU); Bruce Kidner (Finance Director/RedStripe); Ricardo Nuncio (Managing Director/RedStripe); Carlton Barclay (CEO C&WJCCU); Winston Green (Former President - D&G Employee's Co-op CU/Director, C&WJCCU); Pete Smith (President, C&WJCCU); Condell Stephenson (1st V.P., C&WJCCU); Austin Brown (Director, C&WJCCU) and Benjamin Brown.

JUCCUL AGM 2018

Board members and management staff pose with trophies received on behalf of C&WJCCU at the JCCUL'S 77th AGM. (From left) Almando Jones, CFO; Bobette Rigg, Treasurer; Condell Stephenson, 1st V.P.; Pete Smith, President and Joyce West-Johnson, COO. The AGM was held at the Hilton Rose Hall Resort & Spa, Montego.

The Credit Union received the O.J. Thorbourne Mega Credit Union of the Year /2017, Runner-up and the Stanley Moore Trophy For category 4 Credit Unions.





OCHO RIOS ROAD SHOW



SAVE AS YOU EARN & WIN 1st Draw winner: Basil "DRAGON" Thompson raps with Ron Muschette, Star DJ of Mello FM. Basil was proudly showing off his brand new red Toyota Yaris at the Ocho Rios Road show.



A curious child examines the Educator Flex Savings plan banner. Looking on from left are, Paulette Bourne, Mello FM Sales Rep, Nicholine Brown and the equally curious parent of the child.



Tanica McNeish, Customer Service Officer, St Ann's Bay Branch, has the attention of patrons at the Ocho Rios Road show.



Andrea Mumby, Snr. Regional Manager/St. Ann's Bay Branch talks to Ron Muschette about the products and services offerings of the C&WJCCU.



Nicholine Brown (right), Marketing Representative, supervises the Spin-the-Lucky-Wheel as two anxious patrons wait to see what the spinner will win.



Tanica McNeish, signs up a new member



Khelisha Gray, CSR/Teller, St. Ann's Bay also signs up a new member.



Marco Williams, Sales Associate from CUNA Caribbean Insurance Jamaica limited, is very pleased to present a CUNA branded water bottle to a lucky wheel winner.



A visitor from Colorado, USA, tried her hand at the Lucky Wheel and won a mystery prize. Mrs. Pearle Brown from Perfect Pieces Boutique, makes a presentation to her from her store on behalf of the Credit Union. Ron Muschette assists her with the mike as she expresses her delight for being a winner in Jamaica.



"Team St Ann's Bay Branch" (from left) Andrea Mumby, Snr. Regional Manager, Susan Lawes-Warren with the, CRS/Teller, Tanica McNeish and Khelisha Gray, proudly pose with their member, 1st draw Winner, Basil "Dragon" Thompson, who displays his Toyota Yaris key.



Another lucky Spin-The-Wheel mystery winner receives his basket of goodies from Philipa Beckford, Sales Manager, CUNA Caribbean Insurance Jamaica Limited.

OCHO RIOS ROAD SHOW - Cont'd



Romane Hibbert, member of the C&WJCCU Marketing Team, supervises the Spin-The-Wheel while Team member, Sashagay Young, in the background, assists a patron to sign up for membership in the Credit Union.



Two very happy children are all smiles having both won C&WJCCU branded caps.



Some of the steady stream of visitors to the **SAVE AS YOU EARN & WIN** Ocho Rios Road Show. Next stop will be in Sav, Westmoreland, Saturday, June 23, 2018. Plan to be there!



Ron Muschette and Errol Bean, Marketing consultant, C&WJCCU, review the Competition. Ron Muschette is the "Ambassador" from the **SAVE AS YOU EARN & WIN** Competition which commenced March 15, 2017 and ends July 27, 2018 with the 2nd draw set for August 3, 2018.



Sachagay Young and Nicholine Brown make presentations to Ron Muschette and DJ "Dr Love" respectively on behalf of the Credit Union.

C&WJCCU'S SAVE AS YOU EARN AND WIN COMPETITION, 2ND DRAW WINNER



A delighted Vilma Davidson 2nd draw winner of a brand new 2017 Toyota Yaris receives her key from Carlton Barclay, CEO, C&WJCCU. Sharing the moment are (from left) Christine Miller, Branch Manager, Newport West Branch; Kim McKoy, Regional Manager; Michele Nugent-Miller, Business Development Manager, and Mr. Howard Foster, General Sales & Marketing Manager, Toyota Jamaica.



Nice and easy! Vilma Davidson, poses with her prize car.



SPECIAL GENERAL MEETING

St. Elizabeth Co-operative Credit Union Limited (STECCUL) members gave their approval for the merger by voting "Yes" in their Special General Meeting (SGM) on July 26, 2018, while Community & Workers of Jamaica Co-operative Credit Union members gave their approval for the merger in a Special General Meeting held on August 18, 2018.



(Above) Mr. Pete Smith, President (left) addressing the 2018 SGM. Seated (from left) are Mr. Carlton Barclay, CEO and Mr. Condell Stephenson, 1st V.P. C&WJCCUL members vote on Resolution to merge with STECCUL.



Mr. David Hall, immediate Past President, C&WJCCUL, commended the officers and members of both credit unions on the move to merge.



Mr. Clifton Freeburn, Regional Manager, brought greeting on behalf of the Department of Co-operatives & Friendly Societies.



"High-five" in Motion! (from left) Ms. Norma Neil, former Board Chairman, STECCU, Mr. Carlton Barclay, CEO, C&WJCCUL, Mr. Fitz Rowe, former General Manager, STECCUL, Mr. Pete Smith, President, C&WJCCUL and Mrs. Joyce West-Johnson, COO, celebrate the positive vote by members to merge with STECCUL.

OFFICIAL OPENING OF THE C&WJCCUL'S ST. ELIZABETH BRANCHES & SIGNAGE UNVEILING



MISSION ACCOMPLISHED!

Mr. Fitz Rowe, Mr. Pete Smith, Ms. Norma Neil and Carlton Barclay display the scissors they used to cut the cords to unveil the Santa Cruz branch signage.

A section of the audience in attendance at the official branch opening and unveiling ceremony cheering the "unveiling crew" for a job well done!



OFFICIAL OPENING - Cont'd



UNITED IN MISSION!

Mr. Carlton Barclay, Mr. Pete Smith, Ms. Norma Neil and Mr. Fitz Rowe (centre) jointly display the MISSION STATEMENT of Community & Workers of Jamaica Co-operative Credit Union Limited as a symbolic gesture of unity. Sharing the historic occasion are directors and management staff of C&WJCCUL and former directors and management staff of STECCUL.

SCHOLARSHIPS 2018



Jada Smith, Leslie Mills County Scholarship awardee for Surrey, is delighted to receive her first year cheque from Carlton Barclay, CEO. A proud mother Sheryl Smith (left) and Brenda Reid, HR & Admin. Manager, share the moment.



Jordon Perkins, Ertis Blake Tertiary Scholarship awardee, gets a firm hand shake from President Pete Smith, who presented the cheque to him. Standing tall beside him is his father, Garnet Perkins, JDF Officer. Michele Nugent-Miller, Business Development Manager, looks on.



Quacian McIntosh, Leslie Mills County Scholarship awardee for Cornwall, gives a warm smile as she accepts her cheque from Director Peter Scott. Getting in on the action is (from left) Patrice Scott, Customer Service Rep. (Responsible for School Savings/Relations), Sherefer Clarke - Senior Customer Service Rep (Sav Branch).

C&WJCCU GRANTS OVER \$2,000,000 IN SSAP SCHOLARSHIPS & BURSARIES TO MEMBERS' CHILDREN



Sherice Clarke, Kyla Atkinson, Tahj-Monique McCauley (front row, second from left), Leslie Mills County Scholarships awardees Dean Allen and Tomoya Allen, Top boy and Top girl, paint a delightful picture as they celebrate with Directors and Management staff of C&WJCCUL.

Celebrating with the awardees (front row from left), Andrea Mumby, Pete Smith, Joyce West-Johnson and Hyacinth Hines. (Back row, from left): Brenda Reid, Jennifer Taylor, Marcia Aitcheson-Harrison; Bobette Rigg, Condell Stephenson, Paulette Howell, Kerron Jones, Peter Scott, Karice Bennett, Mishka Williams and Errol Bean.



Juleen Gentles, Desmond Duval Scholarship winner, takes a good look at the cheque presented to her by Almando Jones, CFO (second from right). Charles Gentles, her father (first left), Brenda Reid (centre) and Christine Miller, Head Office Branch Manager, also takes a peek at her cheque.



David Belvet winner of the F.T. Spence Memorial Scholarship with his mother, Georgia Belvett, is a bag of joy as he accepts his cheque from Brenda Reid, HR & Admin. Manager and member of the Education Committee.



Krysoni Landell, Leslie Mills County Scholarship winner, for Middlesex, receives her cheque from Latoya McKenzie, Branch Administrator, Port Maria Branch. Her mother Audrey Landell, gives a sunny smile as she shares the moment.

The Treasurer's Report for the Year Ended December 31, 2018

BUILDING LIVES. BUILDING COMMUNITIES.

I am pleased to present the Treasurer's Report to this the 55th Annual General Meeting of the Society. The Auditor's Report and Financial Statements are set out on pages 49 to 125 and a summary of these statements is set out in the Treasurer's Report Sheet.

One of the most impactful GOJ policy measures on the Credit Union financial performance during FY2018 was the Bank of Jamaica's interest rate policy. During 2018 the BOJ reduced its policy rate on five (5) occasions by a total of 150 basis points (bps) to be at 1.75 percent at December 31, 2018 (Dec 2017 : 3.25 per cent). The intent was to manage inflation and also to foster greater credit expansion. *(Source BOJ Annual Report).*

CWJCCUL is reporting another successful performance for FY2018 having achieved growth of over \$4.5 Billion (38.87%) in total assets to be at \$16.09 Billion. As confirmed by the December 2018 unaudited Financial Performance Report (FPR Dec 2018), this performance has placed CWJCCUL as the top ranked Credit Union by the Jamaica Co-Operative Credit Union League (JCCUL) in terms of asset size.

Table 1. **Comparative Financial Results**

CWJCCU - KEY FINANCIAL RESULTS FOR 2018				
ITEM	2018	2017	Change	%
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
Assets	16,019,940	11,535,917	4,484,023	38.87%
Net Loans	10,664,425	8,541,808	2,122,617	24.85%
Capital	2,664,171	1,779,729	884,442	49.70%
Savings	12,559,726	9,347,080	3,212,646	34.37%
Net Income	102,376	380,971	-278,595	73.13%

Revenues

Interest Income of \$1.39 Billion is \$208.7 million better than FY2017 \$1.18 Billion. This was driven mainly by:

- Loans to members - \$1.28 B
- Interest of Liquid Assets - \$ 0.07 B
- Interest of Fin Investments - \$ 0.04 B

Other income, including Fees generated a further \$308 Million. After allowance for Interest Expenses on deposits and other financial cost, Gross Income before operating expenses for FY2018 is \$1.28 Billion.

Operating Expenses

The Credit Union incurred expenses of \$1.16 Billion (FY2017: \$0.911 Billion) in support of several operational initiatives aimed at improving the service delivery to our Members. Notably, strategic costs were associated with raising our \$900 Million, deferred shares, innovation costs associated with several IT projects (to include the new core banking system) and the additional costs incurred as a consequence of the two (2) successful mergers.



Bobette Rigg
Treasurer

The Treasurer's Report, Continued

Net Surplus

The Credit Union generated a net surplus of \$102 million. This is the second highest net surplus generated by the Credit Union since inception and as indicated is against the backdrop of significant cuts in interest rates, plus high operating costs.

Chart 1 below outlines how our Income was distributed for FY2018.

Chart 1

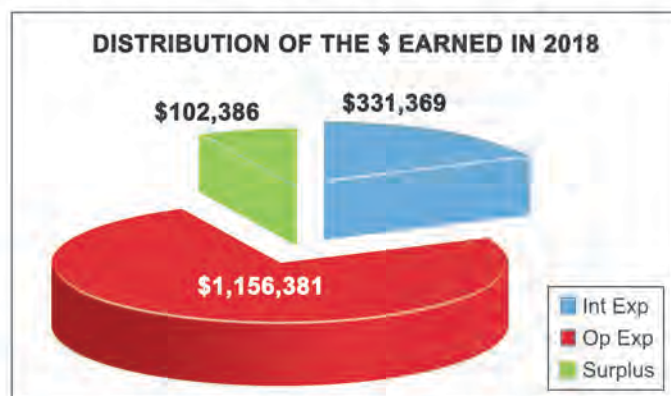


Chart 2



PEARLS PERFORMANCE

The Credit Union's financial performance is also measured by the PEARLS system, which is the set of International Standards developed by the World Council of Credit Unions (WOCCU) and adopted by the Credit Union Movement in Jamaica. The standard is administered by the Jamaica Co-operative Credit Union League.

A summary of C&WJ's performance for 2018 against those standards is set out in the following table:

C&WJCCU's Financial Performance 2018 vs League's Minimum Prudential Financial Standards

INDICATOR	STANDARDS	31-12-18
PROTECTION		
Provision for loan losses	100%	100%
EFFECTIVE FIN. STRUCTURE		
Capital Ratio:		
Reserves / Total Assets	>/=8%	16.60%
Net Loans / Total Assets	60 – 80%	66.60%
Savings / Total Assets	70 – 80 %	78.40%
ASSET QUALITY		
Delinquent loans > 30 days / Total Loans	< 5%	7.2%
Non Earning Assets / Total Assets	< 7%	9.40%
RATES OF RETURN & COST		
Operating Expenses / Average Assets	</=8%	8.40%
Net Income / Average Assets	To maintain a capital ratio of 8% or more	0.74%
Return on Savings	> Inflation rate (1.7%)	1.65%
LIQUIDITY		
Liquidity Reserve / Savings and deposits	> 10 %	19.68%
SIGNS OF GROWTH		
Membership Growth	> 5 %	42.1%
Asset Growth	> / = 5%	38.8%

The Credit Union's financial performance under the PEARLS Standard is discussed in greater detail below.

Protection

Provision for loan losses – 100%

At year end the Credit Union had a loan portfolio of \$10.89 Billion of which loans amounting to \$363.31 Million or 3.34% of the portfolio balance was in arrears for 2 months and over. The PEARLS standard specifies the provision to be set aside for these loans. This provision amounted to \$110.00 Million. At year end the Credit Union was 100% in compliance with this standard as well as the provision required in accordance with the International Financial Reporting Standard (IFRS 9). As per the requirements of new IFRS 9 Standards with came into effect from January 1, 2019, the Credit Union has measured the Expected Credit Losses (ECL) for our loans to be \$290.57 Million. In addition the CU had set aside a further \$15.36 Million at year end for loan loss reserves taking into consideration that unforeseen transitional loan losses may occur within the loan portfolio.



The Treasurer's Report, Continued

Effective Financial Structure

Reserves / Total Assets - 16.60%

At year-end C&WJ had Institutional Capital Reserves in excess of \$2.57 Billion, representing a ratio of 16.04%, and surpassing the requirements of both Regulatory Standards. Under the Draft BOJ Credit Union Regulations, credit unions will be required to have a Capital Reserves Ratio of not less than 6% while under the International Credit Union PEARLS Standard the requirement is at least 8%.

Net Loans / Total Assets - 66.66%

The C&WJ achieved loan growth of \$2.12 Billion during the year reporting an increase of 24.85% above the 2017 portfolio balance, and bringing total loans to \$10.66 Billion at year end. This resulted in a net loan to asset ratio of 66.57% at the end of 2018 which was well in line with the requirement of the PEARLS standard of 60% to 80%.

Total Savings / Total Assets - 78.40%

Total savings as a percentage of total assets indicates the extent to which the assets of the Credit Union are being financed by members' savings instead of other externally borrowed funds. The credit union achieved significant savings growth in excess of \$3.2 Billion during the year, an increase of 34.37% above the 2017 portfolio balance. At year-end the ratio of savings to total assets was 78.40% which was compliant with the standard of 70% - 80%.

Asset Quality

Delinquent loans > 30 / Total Loans - 7.2%

In spite of the adverse economic conditions, the Credit Union was able to manage our delinquency levels within the required PEARLS standard for most of the year (i.e. loans in arrears over 30 days over total loans of not more than 5%). The ratio rose since September 2018, and was 7.2% at December 31, 2018. Our non-performing loans valued at \$234 Million at December 2018 was 2.15% of the total loan portfolio which compared favorably to the 2.8% reported for commercial banks based on the Bank of Jamaica annual report for 2018. The Credit Union continues to aggressively manage this portfolio to maintain a low level of delinquency.

Non-Earning Asset/ Total Asset - 9.4%

This standard requires our non-earning assets to be no more than 7% of our total assets. At year-end the Credit Union's non-earning assets represented 9.40% of total assets. The ratio is outside of the standard as a result of the previous mergers, which added higher than normal levels of real estate from the fair value exercise which brings significant amount of intangible assets unto the books. This ratio should however improve over time as we continue to grow our assets.

Rates of Return & Costs - 8.4%

Operating Expenses/ Average Assets

The standard requires that operating expenses should be at

most 8% of average assets. The operating expense ratio for FY2018 was 8.40%, which was above the required standard. The ratio was negatively impacted by extra-ordinary expenses relating to IT Costs to upgrade the new system and also other costs associated with the general expanded size of CWJCCU's operations to include our merged entities. This continues to be a focus area for management to improve efficiencies, lower costs, and improve on our returns.

Net Income / Average Assets 0.74%

The Standard requires that the Credit Union earn enough income to ensure that we have a capital to asset ratio of at least 8%. At year end the Credit Union had a net income to average asset ratio of 0.74%, (peer group 1.78%) and surplus of \$102 million, which enabled us to transfer \$93 million to Statutory Reserves, bringing the Institutional Capital to asset ratio to 16.60% which surpassed the PEARLS standard requirement of 8%.

Return on Savings - 1.65%

The Standard requires that the return paid on members' savings should be greater than or equal to the rate of inflation which was 2.4% for 2018. C&WJ returned an average of 1.65% p.a. on members' savings. During 2018 the Credit Union paid interest rates on savings of up to 5.00% per annum.

Liquidity

Liquidity Reserve / Savings and Deposits – 19.68%

The Credit Union is required to maintain at least 10% of savings as liquidity reserves, 8% of which is to be held in the Jamaica Co-operative Credit Union League. At the end of 2018, C&WJ had liquid assets of \$2.36 Billion representing 19.68% (2017: 13.4%) of savings and deposits.

Signs of Growth

Membership Growth – 42.17%

The requirement of the standard is a growth rate of at least 5% for the one year period. The Credit Union achieved growth in membership of 36,326 members, representing an increase of 42.17% over the previous year. The growth was substantially due to the two (2) mergers with D&GECUL and STECCUL.

Asset Growth – 38.87%

The Credit Union recorded an asset growth in excess of \$4.5 Billion bringing total assets to \$16 Billion at year end. This represents a growth rate of 38.87% for the period under review, which is well above the requirement of the Standard of 5% growth in assets per annum.

Bobette Rigg
Treasurer



The Treasurer's Report, Continued

Appropriation of 2018 Surplus and Fixing of the Maximum Liability

Appropriation of 2018 Surplus

Surplus Available for Distribution

	\$'000
Surplus B/F 2017	17,332
Total Comprehensive Income For the Year	102,386
Add - Adjustment to Loan Loss Reserve	26,401
Less - Adjustment - Opening ECL on investment	(18,144)
Surplus available for distribution	127,975

Surplus available for Distribution

	\$'000
- Statutory Reserves	127,975
- Dividend on Membership Qualification shares 6%	(93,250)
- Honoraria	(15,765)
- Education Reserve	(8,960)
- Disaster & Social Outreach	(5,000)
- Disaster & Social Outreach	(5,000)

The Fixing of the Maximum Liability for Loans

In keeping with rule 70, it is proposed that the Maximum Liability for Loans that the Board of Directors may borrow is to be set at 16 times the Credit Union's Capital and Reserve Funds.

For and on Behalf of the Board of Directors.

Recommendation of the Board of Directors

The Board of Directors of the Credit Union is making the following recommendation to the meeting with respect to the appropriation of the 2018 surplus



Bobette Rigg
Treasurer



The Treasurer's Report Sheet

Let Us Look At The Money We Have	2018 \$'000	2017 \$'000	Increase (Decrease) \$'000	%
As a group of persons, we have accumulated savings over the past 56 years. This money is shown as:- (1) Share Capital (11) Deposits	4,455,826 9,228,996	3,388,066 6,445,246	1,067,760 2,783,750	32% 43%
From the income earned over the years we have paid dividends, but we have also kept back some of these earnings partly because our Rules do not permit us to give it back as dividends and partly out of prudence. The amount held is	1,444,571	1,114,317	330,254	30%
We also have Undistributed Net Income and Other Reserves. This amount is	94,504	179,180	-84,676	-47%
We owed: interest earned by our members but not yet paid to them, the Sponsor Company (C&WJ), and some of our members. The amount owed is	796,043	409,108	386,935	95%
The total Amount Available to the Society was	16,019,940	11,535,917	4,484,023	39%
Let Us See How This Money Was Used				
We spent money in paying for the land, buildings, equipment, furniture and motorcars we own. The land and building increased in value to the amount shown. Guided by certain accounting principles we have already written off a portion of these amounts, so we are left with the amounts shown in the balance sheet as fixed assets. This amount is	807,953	663,585	144,368	22%
In accordance with our Rules and also out of prudence, we have invested some money in the League, Government of Jamaica –Bonds and other safe Institutions. The amount invested is	3,842,094	1,960,604	1,881,490	96%
Some of the money we have, have been used in re-lending to ourselves. This amount is	10,664,425	8,541,808	2,122,617	25%
We have sums tied up in things like interest earned by us on our investments but not yet received; interest owed to us by our members; money collected and not yet banked; cash at our branch offices to pay members withdrawals.	705,468	369,920	335,548	91%
And so the total funds available, used in the manner set out above, amounted to	16,019,940	11,535,917	4,484,023	39%



AUDITORS' REPORT & FINANCIAL STATEMENTS

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION LIMITED
DECEMBER 31, 2018

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Statement of Financial Position



**DEPARTMENT OF CO-OPERATIVES
& FRIENDLY SOCIETIES**

(Agency of the Ministry of Industry, Commerce,
Agriculture and Fisheries)
2 MUSGRAVE AVENUE
Kingston 10
Tel: 927-4912/927-6572 or 978-1946
Fax: 927-5832
E-mail: dcfs@cwjamaica.com



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

S1
R 260/-684/03/19

March 29, 2019

The Secretary
Community & Workers of Jamaica Co-operative
Credit Union Limited (C&WJCCUL)
51 Half Way Tree Road
KINGSTON 10

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2018.

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

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

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

Yours sincerely,

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

LGE/kd

c. The Secretary
Jamaica Co-operative Credit Union League



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Registrar of Co-operative Societies
COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)
(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community & Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) ("the Co-operative"), set out on pages 49 to 125, which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Co-operative as at December 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

Basis for Opinion

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

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

R. Tarun Handa
Cynthia L. Lawrence
Rajani Trehan
Norman D. Rainford
Nigel R. Chambers

Nyssa A. Johnson
W. Gilan C. De Mel
Wilbert A. Spence
Rochelle N. Stephenson
Sandra A. Edwards



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Registrar of Co-operative Societies
COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)
(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (Continued)

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

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

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Registrar of Co-operative Societies
COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)
(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (Continued)

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

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

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

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Registrar of Co-operative Societies
**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

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

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



Chartered Accountants
Kingston, Jamaica

March 29, 2019

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

**Statement of Financial Position
December 31, 2018**

	Notes	2018 \$'000	2017 \$'000
ASSETS			
EARNING ASSETS			
Loans to members	6	10,664,425	8,541,808
Liquid assets	7	2,223,473	1,004,061
Financial investments	8	<u>1,618,621</u>	<u>956,543</u>
Total earning assets		<u>14,506,519</u>	<u>10,502,412</u>
NON-EARNING ASSETS			
Liquid assets	9	139,661	138,752
Other assets	10	95,643	99,157
Property, plant and equipment	11	807,953	663,585
Intangible assets	12	<u>470,164</u>	<u>132,011</u>
Total non-earning assets		<u>1,513,421</u>	<u>1,033,505</u>
TOTAL ASSETS		<u>16,019,940</u>	<u>11,535,917</u>
LIABILITIES AND CAPITAL			
INTEREST BEARING LIABILITIES			
Voluntary shares	13	3,330,730	2,901,834
Deferred shares	14	864,301	302,082
Saving deposits	15	9,228,996	6,445,246
Due to other institutions	16	47,894	43,104
External credit	17	<u>150,953</u>	<u>19,221</u>
Total interest bearing liabilities		<u>13,622,874</u>	<u>9,711,487</u>
NON-INTEREST BEARING LIABILITIES			
Accruals	18	156,396	110,582
Payables	19	238,380	79,000
Others	20	<u>202,420</u>	<u>157,201</u>
Total non-interest bearing liabilities		<u>597,196</u>	<u>346,783</u>
TOTAL LIABILITIES		<u>14,220,070</u>	<u>10,058,270</u>
CAPITAL			
Permanent shares	21	260,795	184,150
Institutional capital	22	<u>1,444,571</u>	<u>1,114,317</u>
		1,705,366	1,298,467
Non-institutional capital	23	<u>94,504</u>	<u>179,180</u>
TOTAL CAPITAL		<u>1,799,870</u>	<u>1,477,647</u>
TOTAL LIABILITIES AND CAPITAL		<u>16,019,940</u>	<u>11,535,917</u>

The financial statements on pages 49 to 125 were approved by the Board of Directors on March 29, 2019 and signed on its behalf by:


Bobette Rigg, Treasurer


Pete Smith, President

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

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

**Statement of Profit or Loss and Other Comprehensive Income
December 31, 2018**

	Notes	2018 \$'000	2017 \$'000
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD			
Loans to members		1,278,312	1,054,521
Liquid assets		70,303	81,098
Financial investments		39,728	44,065
		<u>1,388,343</u>	<u>1,179,684</u>
INTEREST EXPENSE			
Saving deposits		195,042	173,399
Members' shares		12,240	13,680
Deferred shares		46,114	23,009
Due to other institutions		792	452
Other financial costs	25	77,181	58,944
		<u>331,369</u>	<u>269,484</u>
NET INTEREST INCOME		1,056,974	910,200
Impairment losses on loans	6	(80,681)	(42,638)
Impairment losses on other financial assets	32(a)(iv)(d)	(8,834)	-
		<u>967,459</u>	<u>867,562</u>
NET INTEREST INCOME AFTER IMPAIRMENT ALLOWANCES			
NON-INTEREST INCOME			
Fees		199,450	203,226
Rental income		14,204	11,097
Others	26	94,897	226,581
		<u>308,551</u>	<u>440,904</u>
GROSS INCOME		1,276,010	1,308,466
OPERATING EXPENSES	27	(1,156,292)	(911,965)
NET SURPLUS BEFORE HONORARIA AND OTHER PAYMENTS		119,718	396,501
Honoraria		(8,750)	(6,970)
Disaster and social outreach		(3,485)	(3,292)
Scholarship fund		(5,097)	(5,268)
NET SURPLUS AFTER HONORARIA AND OTHER PAYMENTS, BEING SURPLUS FOR THE YEAR		<u>102,386</u>	<u>380,971</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to surplus:			
Change in fair value of debt securities at fair value through other comprehensive (2017: available-for-sale)		14,456	1,088
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>116,842</u>	<u>382,059</u>

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

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**
(A Society Registered Under the Co-operative Societies Act)

Statement of Changes in Equity
December 31, 2018

	INSTITUTIONAL CAPITAL					NON-INSTITUTIONAL CAPITAL							Grand total
	Permanent shares \$'000 (note 21)	Statutory & legal reserve \$'000 (note 22)	General reserve \$'000 (note 22)	Business combination reserve \$'000 (note 22)	Retained earnings reserve \$'000 (note 22)	Total \$'000	Loan loss reserves \$'000 (note 23)	Fair value reserve \$'000 (note 23)	Retirement benefits reserve \$'000 (note 23)	Other non-qualifying reserve \$'000 (note 23)	Undistributed net surplus \$'000 (notes 22,23)	Total \$'000	
Balances at December 31, 2016	176,340	545,442	12,449	253,855	26,188	837,934	29,955	9,527	15,811	25,000	-	80,293	1,094,567
Total comprehensive income for the year													
Surplus for the year	-	-	-	-	-	-	-	-	-	-	380,971	380,971	380,971
Other comprehensive income:													
Change in fair value of available-for-sale investments being total other comprehensive income	-	-	-	-	-	-	-	1,088	-	-	-	1,088	1,088
Total comprehensive income for the year	-	-	-	-	-	-	-	1,088	-	-	380,971	382,059	382,059
Transactions with members and movements in reserves													
Entrance fees	7,810	1,383	-	-	-	1,383	-	-	-	-	-	-	1,383
Shares amount subscribed	-	-	-	-	-	-	-	-	-	-	-	-	7,810
Appropriation of net surplus for 2017:													
Dividends on membership qualification shares (note 21)	-	-	-	-	-	-	-	-	-	-	(9,030)	(9,030)	(9,030)
Transfer to loan loss reserve	-	-	-	-	-	-	54,625	-	-	-	(54,625)	-	-
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	1,017	-	-	1,017	1,017
Share transfer fund	-	-	-	-	-	-	-	-	(159)	-	-	(159)	(159)
Disaster and social outreach fund	-	-	-	-	-	-	-	-	-	708	(708)	-	-
Scholarship fund	-	-	-	-	-	-	-	-	(267)	267	-	-	-
Transfer to statutory reserve 69.36% of net surplus for the year before honoraria and other payments]	-	275,000	-	-	-	275,000	-	-	-	-	(275,000)	(275,000)	-
Total transactions with members and movements in reserves	7,810	276,383	-	-	-	276,383	54,625	-	-	1,299	(339,096)	(283,172)	1,021
Balances at December 31, 2017 carried forward to page 8	184,150	821,825	12,449	253,855	26,188	1,114,317	84,580	10,615	17,110	66,875	-	179,180	1,477,647

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

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**
(A Society Registered Under the Co-operative Societies Act)

Statement of Changes in Equity (Continued)
December 31, 2018

	INSTITUTIONAL CAPITAL				NON-INSTITUTIONAL CAPITAL							
	Permanent shares \$'000 (note 21)	Statutory & legal reserve \$'000 (note 22)	General reserve \$'000 (note 22)	Business combination reserve \$'000 (note 22)	Retained earnings reserve \$'000 (note 22)	Total \$'000	Loan loss reserves \$'000 (note 23)	Fair value reserve \$'000 (note 23)	Other Non-qualifying reserve \$'000 (note 23)	Undistributed net surplus \$'000 (notes 22,23)	Total \$'000	Grand total \$'000
Balances at December 31, 2017 brought forward from page 7	184,150	821,825	12,449	253,855	26,188	1,114,317	84,580	10,615	17,110	66,875	179,180	1,477,647
Impact of initial application of IFRS 9 (note 3)	-	-	-	-	-	-	(84,580)	(3,957)	-	(21,693)	(110,230)	(110,230)
Restated balances at January 1, 2018	184,150	821,825	12,449	253,855	26,188	1,114,317	-	6,658	17,110	45,182	68,950	1,367,417
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	102,386	102,386	102,386
Surplus for the year	-	-	-	-	-	-	-	-	-	-	14,456	14,456
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity at FVOCI being total other comprehensive income	-	-	-	-	-	-	-	-	-	102,386	116,842	116,842
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	102,386	116,842	116,842
Transactions with members and movements in reserves	-	-	-	-	-	-	-	-	-	-	-	-
Entrance fees	6,341	1,325	-	-	-	1,325	-	-	-	-	-	1,325
Shares amount subscribed	-	-	-	-	-	-	-	-	-	-	-	6,341
Appropriation of net surplus for 2017:	-	-	-	-	-	-	-	-	-	(18,825)	(18,825)	(18,825)
Dividends on membership qualification shares (note 21)	70,304	-	-	-	-	-	-	-	-	-	-	70,304
Shares issued on merger (note 33)	-	-	-	-	-	-	15,363	-	-	(51)	15,312	15,312
Transfer to loan loss reserve	-	-	-	-	-	235,679	-	-	-	-	-	235,679
Business combination reserve (note 33)	-	-	-	235,679	-	-	-	-	(18)	-	(18)	(18)
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	4,793	-	4,793	4,793
Share transfer fund	-	-	-	-	-	-	-	-	1,514	(1,514)	-	-
Disaster and social outreach fund	-	-	-	-	-	-	-	-	(97)	97	-	-
Scholarship fund	-	-	-	-	-	-	-	-	-	700	700	700
Honorarium	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve [78.87% of net surplus for the year before honoraria and other payments]	-	93,250	-	-	-	93,250	-	-	-	(93,250)	(93,250)	-
Total transactions with members and movements in reserves	76,645	94,575	-	235,679	-	330,254	15,363	-	6,192	(112,843)	(91,288)	315,611
Balances at December 31, 2018	260,795	916,400	12,449	489,534	26,188	1,441,571	15,363	21,114	23,302	34,725	94,504	1,799,870

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

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Statement of Cash Flows

December 31, 2018

	<u>Notes</u>	<u>2018</u> \$'000	<u>2017</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		102,386	380,971
Adjustments for:			
Depreciation	11	32,935	29,247
Amortisation and impairment	12	17,931	12,978
Loss on disposal of property, plant and equipment		-	541
Impairment losses on loans	6	80,681	42,638
Impairment losses on investments		8,834	-
Interest income		(1,388,343)	(1,179,684)
Interest expense		<u>331,369</u>	<u>269,485</u>
		(814,207)	(443,824)
Changes in operating assets and liabilities			
Loans to members		(387,725)	(1,474,062)
Saving deposits		640,487	549,678
Voluntary shares & deferred shares		686,183	53,295
Other assets		115,569	(63,094)
Accruals		(151,275)	3,033
Payables		159,380	11,102
Other non-interest-bearing liabilities		45,217	11,327
Due to other institutions		55,553	356
External credit		<u>53,104</u>	<u>19,221</u>
		402,286	(1,332,968)
Interest received		1,375,619	1,159,291
Interest paid		(301,831)	(264,279)
Net cash provided/(used) by operating activities		<u>1,476,074</u>	<u>(437,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial investments		(564,138)	313,171
Purchase of property, plant and equipment	11	(57,583)	(15,600)
Net cash and cash equivalents acquired in business combination	33	592,926	-
Purchase of intangible assets	12	(215,799)	-
Net cash (used)/provided by investing activities		<u>(244,594)</u>	<u>297,571</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Permanent shares		6,341	7,810
Entrance fees		1,325	1,383
Dividends on membership shares		(18,825)	(9,030)
Net cash (used)/provided by financing activities		<u>(11,159)</u>	<u>163</u>
Increase/(decrease) in cash and cash equivalents		1,220,321	(140,222)
Cash equivalents at beginning of year		<u>1,142,813</u>	<u>1,283,035</u>
Cash equivalents at end of year		<u>2,363,134</u>	<u>1,142,813</u>
Comprised of:			
Liquid Assets: Earning	7	2,223,473	1,004,061
Liquid Assets: Non-earning	9	<u>139,661</u>	<u>138,752</u>
		<u>2,363,134</u>	<u>1,142,813</u>

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

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements
December 31, 2018

1. Identification

Community and Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) ("Co-operative") is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act ("Act") and has its registered office at 51 Half Way Tree Road, Kingston 10.

On May 1, 2018, the Co-operative merged its operations with Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GECCUL).

On September 1, 2018, the Co-operative merged its operations with St. Elizabeth Co-operative Credit Union Limited (STECCUL).

Membership in the Co-operative is limited to:

(A) All registered societies and:

- (i) Employees and ex-employees of Cable and Wireless and its successor and predecessor companies.
- (ii) Any person engaged in the provision of telecommunication services in Jamaica including regulators and contractors or sub contractors of Cable & Wireless Jamaica Limited or its successor and predecessor companies.
- (iii) Employees and ex-employees of corporate subscribers to telecommunication service in Jamaica.
- (iv) Persons living and working in the parish of Clarendon.
- (v) Persons working in Marine and Allied Industries in Jamaica.
- (vi) Employees of member.
- (vii) Minors, whether or not they are wards or children or grandchildren of members.
- (viii) Persons working, living or who were born in the parish of Westmoreland.
- (ix) Relatives and spouses of members. Relatives are specified as father, mother, son, daughter, grandchildren, brother, sister, aunt, uncle, niece and nephew.

(B) Members and persons eligible to be members of the credit unions that merged with this society [Marine and Allied Industries Co-operative Credit Union, Clarendon Co-operative Credit Union, Westmoreland Co-operative Credit Union, ICD & Associates Co-operative Credit Union, National Water commission Co-operative Credit Union, Desnoes and Geddes Employees Co-operative Credit Union Limited, St. Elizabeth Co-operative Credit Union Limited (STECCUL)].

PROVIDED THAT any person admitted to membership has attained the age of sixteen (16) years.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

1. Identification (continued)

The Co-operative's main activities are:

- (i) The promotion of thrift;
- (ii) The provision of loans to members exclusively for provident and productive purposes; and
- (iii) To receive the saving of its members either as payments on share or as deposits.

The Co-operative Societies Act requires amongst other provisions, that at least 20% of the net surplus of the Co-operative be transferred to a statutory reserve fund.

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

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This is the first set of the Co-operative's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 3.

(b) Basis of measurement:

(i) Basis of measurement

The financial statements have been prepared on the historical cost, except for the following:

- (1) Available-for-sale securities measured at fair value (applicable before January 1, 2018).
- (2) Certain equity securities designated as fair value through other comprehensive income (FVOCI).
- (3) Managed portfolio of assets including equity securities, corporate bonds and units held in unit trust measured at fair value through profit or loss.

(ii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Co-operative's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

December 31, 2018

2. Statement of compliance and basis of preparation (continued)

(b) Basis of measurement (continued):

(iii) Functional and presentation currency

These financial statements are presented in Jamaica dollars, which is the (functional currency) of the Co-operative are expressed in thousands of dollars unless otherwise stated.

3. Change in accounting policies

The Co-operative initially applied IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018. A number of other new standards are also effective from January 1, 2018, but they do not have a material effect on the Co-operative's financial statements.

Due to the transition methods chosen by the Co-operative in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Co-operative.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets; and
- additional disclosures related to IFRS 9 [see notes 4(a) and 32(a)].

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Co-operative has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and other comprehensive income (OCI) of interest revenue calculated using the effective interest method.

Additionally, the Co-operative has adopted consequential amendments to IFRS 7, *Financial Instruments: Disclosures*, that are applied to disclosures about 2018, but have not been applied to the comparative information.

As permitted by the transitional provisions of IFRS 9, any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening undistributed surplus and other reserves of the current period.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

3. Change in accounting policies (continued)

IFRS 9 Financial Instruments (continued)

The impact of transition to IFRS 9 on the opening undistributed surplus, loan loss reserve and fair value reserve is as follows:

	\$'000
Loan loss reserve:	
Closing balance under IAS 39 (December 31, 2017)	84,580
Recognition of expected credit losses under IFRS 9	
Loan to members	<u>(84,580)</u>
Opening balance under IFRS 9 at January 1, 2018	<u>-</u>
Undistributed surplus:	
Closing balance under IAS 39 (December 31, 2017)	66,875
Recognition of expected credit losses under IFRS 9	
Loan to members, liquid assets and financial investments	<u>(21,693)</u>
Opening balance under IFRS 9 at January 1, 2018	<u>45,182</u>
Fair value reserve:	
Balance as at December 31, 2017 under IAS 39	10,615
Remeasurement of unquoted equities	<u>(3,957)</u>
Opening balance under IFRS 9 at January 1, 2018	<u>6,658</u>

(i) Classification and measurement of financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Co-operative's accounting policies related to financial liabilities.

For an explanation on how the Co-operative classifies and measures financial instruments under IFRS 9, see note 4(a).

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories and amounts under IFRS 9 for each class of the Co-operative's financial assets and financial liabilities as at January 1, 2018.

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION LIMITED (C&WJCCUL)

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

3. Change in accounting policies (continued)

IFRS 9 *Financial Instruments (continued)*

(i) Classification and measurement of financial instruments (continued)

	Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 Carrying amount at December 31, 2017 \$'000	Fair value Remeasurement \$'000	Impairment losses \$'000	IFRS 9 carrying amount at January 1, 2018 \$'000
Financial assets							
Loans to members		Loans and receivables	Amortised cost	8,541,808	-	(88,128)	8,453,680
Earning Assets-Liquid assets:							
Savings account balances		Loans and receivables	Amortised cost	10,369	-	-	10,369
Balances with JCCUL including Cash and resale agreements		Loans and receivables	Amortised cost	708,214	-	(8,994)	699,220
Securities purchased under resale agreements-other		Loans and receivables	Amortised cost	264,268	-	(2,313)	261,955
Certificates of deposit		Loans and receivables	Amortised cost	18,029	-	(47)	17,982
Units in unit trust funds	(a)	Available-for-sale	FVTPL	3,181	-	-	3,181
Earning Assets-Financial investments:							
Government of Jamaica benchmark investment notes	(b)	Held- to-Maturity	Amortised cost	527,237	-	(4,382)	522,855
Corporate bonds	(b)	Held- to-Maturity	Amortised cost	115,535	-	(1,060)	114,475
Deferred shares	(b)	Held- to-Maturity	Amortised cost	40,000	-	-	40,000
Certificates of deposit (maturity date greater than 9 months)	(b)	Held- to-Maturity	Amortised cost	114,443	-	(1,349)	113,094
Quoted equities		Available-for-sale	FVOCI	34,653	-	-	34,653
Units in unit trust funds	(a)	Available-for-sale	FVTPL	68	-	-	68
Unquoted equities	(c)	Available-for-sale	FVOCI	124,607	(3,957)	-	120,650
Non- Earning liquid assets:							
Cash and current account balances		Loans and receivables	Amortised cost	138,752	-	-	138,752
Other assets		Loans and receivables	Amortised cost	99,157	-	-	99,157
Total financial assets				<u>10,740,321</u>	<u>(3,957)</u>	<u>(106,273)</u>	<u>10,630,091</u>
Financial liabilities							
Interest bearing liabilities		Amortised cost	Amortised cost	9,711,487	-	-	9,711,487
Non-Interest bearing liabilities		Amortised cost	Amortised cost	346,783	-	-	346,783
Total financial liabilities				<u>10,058,270</u>	<u>-</u>	<u>-</u>	<u>10,058,270</u>

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

3. Change in accounting policies (continued)

IFRS 9 *Financial Instruments* (continued)

(i) Classification and measurement of financial instruments (continued)

- (a) Under IAS 39, the Co-operative's investments in unit trust funds were classified as available-for-sale. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.
- (b) Certain securities with fixed or determinable payments and fixed maturities that the Co-operative has the positive intent and ability to hold to maturity were classified as held-to-maturity. As permitted by IFRS 9, the Co-operative has designated these investments at the date of initial application as measured at amortised cost. The Co-operative intends to hold these assets to maturity to collect contractual cashflows which consist solely of payments of principal and interest on the principal amounts outstanding.
- (c) Unquoted equities held in JCCUL and other entities are held for strategic reasons and has been designated by the Co-operative as fair value through other comprehensive income (FVOCI).

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

The Co-operative has determined that application of IFRS 9's impairment requirements at January 1, 2018 results in an additional allowance for impairment as follows:

	\$'000
Loss allowance at December 31, 2017 under IAS 39	50,515
Impairment recognised at January 1, 2018 on:	
Liquid assets and financial investments	18,489
Loans to members	88,128
	<u>106,617</u>
Loss allowance at January 1, 2018 under IFRS 9	<u>157,132</u>

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
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(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

December 31, 2018

4. Significant accounting policies

Except for the changes described in note 3, the Co-operative has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Financial instruments – Classification, recognition, derecognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements:

- Financial assets comprise loans to members, liquid assets, financial investments and other assets.
- Financial liabilities comprise voluntary shares, deferred shares, savings deposits, due to other institutions, external credits, interest and non-interest bearing liabilities.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Recognition and initial measurement

The Co-operative recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Co-operative initially recognises loans to members and other assets on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the Co-operative measures a financial asset or financial liability at its fair value, plus or minus; the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in surplus or deficit.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in surplus or deficit when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
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(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent re-measurement

From January 1, 2018, the Co-operative has applied IFRS 9 and classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Financial assets

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and receivables.

Classification and subsequent measurement of debt instruments depend on:

- the Co-operative's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Co-operative classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (iii). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
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Notes to the Financial Statements (Continued)

December 31, 2018

4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent re-measurement

Financial assets (continued)

The classification requirements for debt and equity instruments are described below (continued):

(a) Debt instruments (continued)

Based on these factors, the Co-operative classifies its debt instruments into one of the following three measurement categories (continued):

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in surplus or deficit and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model: the business model reflects how the Co-operative manages the assets in order to generate cash flows. That is, whether the Co-operative's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Co-operative in determining the business model for a of class assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
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(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Co-operative assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Co-operative considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Co-operative reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Co-operative subsequently measures all equity investments at fair value through profit or loss, except where the co-operative's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The election is made on an investment-by-investment basis.

Gains and losses on equity investments at FVTPL are included in the 'Non-interest income' caption in the statement of profit or loss.

Policy applicable under IAS 39 before January 1, 2018

(a) Investments:

Management determines the appropriate classification of investments at the time of purchase and re-evaluates such classification on a periodic basis.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent re-measurement (continued)

Financial assets (continued)

Policy applicable under IAS 39 before January 1, 2018 (continued)

(a) Investments (continued):

The Co-operative classifies non-derivative financial assets into the following categories:

Held-to-maturity investment are non-derivative assets with fixed or determinable payments and fixed maturity that the Co-operative has the positive intent and ability to hold to maturity, and which are not designed as at fair value through profit or loss or as available for sale.

Loans and receivable are non-derivative investments with fixed or determinable payments that are not quoted in an active market and that the Co-operative does not intend to sell immediately or in the near future.

Available-for-sale investments are non-derivative investments that are designed as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and unitised funds. Unquoted equity securities whose fair values cannot reliably be measured are carried at cost. All other available-for-sale investments are carried at fair value.

All purchases and sales of investment securities are recognised at settlement date.

(b) Loans to members:

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

Financial liabilities

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iii) Derecognition

The Co-operative derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Co-operative neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in surplus or deficit.

From January 1, 2018, any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in surplus or deficit on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Co-operative is recognised as a separate asset or liability.

The Co-operative derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Measurement and gains and losses

Policy applicable from January 1, 2018

The 'liquid assets and financial investments' captions in the statement of financial position includes:

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in surplus or deficit;
- equity investment securities designated as at FVOCI.

The Co-operative elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iv) Measurement and gains and losses (continued)

Policy applicable from January 1, 2018 (continued)

Gains and losses on such equity instruments are never reclassified to surplus or deficit and no impairment is recognised in surplus or deficit. Dividends are recognised in surplus or deficit unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Policy applicable before January 1, 2018

Investment securities are initially measured at fair value plus, incremental direct transaction cost, and subsequently accounted for depending on their classification as either held-to-maturity, loans and receivable or available-for-sale.

- *Loans and receivables:* They are initially measured at fair value plus incremental direct cost and subsequently, measured at amortised cost using the effective interest method.
- *Held-to-maturity:* *Held-to-maturity* investments are measured at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity as available for sale, and would prevent the Co-operative from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstance would not trigger a reclassification:
 - Sale or reclassifications that are so close to maturity that changes in market rate of interest would not have a significant effect on the financial asset's fair value;
 - Sales or reclassification after the Co-operative has collected substantially all the asset's original principal; and
 - Sale or reclassifications attributable to non-recurring isolated events beyond the Co-operative's controls that could not have been reasonably anticipated.
- *Available-for-sale:* Changes in fair value other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to surplus or deficit.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(v) Specific financial instruments

(1) Liquid assets:

Liquid earning assets comprise investments maturing within nine (9) months from the date of the statement of financial position. Liquid non-earning assets comprise cash on hand and current accounts held at banks. Liquid assets are classified and measured at amortised cost.

(2) Securities purchased under resale agreement (“reverse repurchase agreements”):

Securities purchased under resale agreement are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Reverse repurchase agreements are accounted for as short-term collateralised lending and are classified and measured at amortised cost.

The Co-operative enters into reverse repurchase agreements to resell substantially identical investments at a certain date in the future at a fixed price. The amounts paid are recognised as “reverse repurchase agreements” and are collateralised by the underlying securities.

The difference between the sale and repurchase considerations is recognised on the accrual basis over the period of the transaction and is included in interest income.

(3) Other non-earning assets:

Other assets comprise receivables and are classified and measured at amortised cost less impairment losses.

(4) Cash and cash equivalents:

Cash and cash equivalents are classified and measured at amortised includes cash and bank balances as well as liquid financial assets with original maturities of less than three (3) months, which are subject to insignificant risk of changes in their fair value, and are held for the purpose of meeting short-term cash commitments, rather than for investment for other purposes.

(5) Non-interest bearing liabilities, including provision, are classified and measured at amortised cost:

Provisions are recognised when the Co-operative has a present, legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(v) Specific financial instruments (continued)

(6) Deferred shares:

Deferred shares are considered as capital for regulatory purposes but are recognised in the financial statements as liabilities as they are withdrawable after a fixed period. These are initially measured at fair value and are subsequently measured at amortised cost. Interest expense incurred thereon is recognised in surplus or deficit on the accrual basis using the effective interest method.

(7) External credit:

External credit is initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(vi) Impairment

Policy applicable from January 1, 2018

Since January 1, 2018, the Co-operative recognises loss allowances for expected credit losses (ECL) on financial assets that are debt instruments and that are not measured at FVTPL.

The Co-operative measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Co-operative considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Co-operative does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

Policy applicable from January 1, 2018 (continued)

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Co-operative expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Co-operative if the commitment is drawn and the cash flows that the co-operative expects to receive; and

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

Policy applicable from January 1, 2018 (continued)

Credit-impaired financial assets

At each reporting date, the Co-operative assesses whether financial assets carried at amortised costs are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Co-operative on terms that the Co-operative would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Co-operative considers the following factors.

- The market’s assessment of creditworthiness as reflected in the bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

Policy applicable from January 1, 2018 (continued)

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in surplus or deficit as a reclassification from OCI.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Co-operative determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Co-operative’s procedures for recovery of amounts due.

Regulatory provision

In both current and prior year regulatory provisions are established for loans to members as a result of a review of the carrying value of loans in arrears and are derived based on the requirements stipulated by the Jamaica Co-operative Credit Union League Limited (“JCCUL”) provisioning policy of making a full provision for loans in arrears over twelve (12) months. General provisions ranging from 10% to 60% are established in respect of loans in arrears for two (2) to twelve (12) months.

Regulatory provision that exceeds the IFRS provision are dealt with in a non-distributable loan loss as an appropriation of undistributable surplus.

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4. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

Policy applicable before January 1, 2018

Loans to members:

A provision for loan impairment is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan is identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for loan losses to write down the loan to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

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

When a loan is classified as impaired, the accrual of interest income based on the original term of the loan is discontinued; IFRS requires the increase in the present value of impaired loans due to passage of time to be reported as interest income.

Write-offs are made when all or part of a loan is deemed uncollectible or when a debt is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written off are credited to impairment loss expense in the statement of profit or loss and other comprehensive income.

Other financial assets:

The carrying amount of the Co-operative's other financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

The recoverable amount of the Co-operative's loans and receivables and held-to-maturity investments is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. The recoverable amount in respect of an available-for-sale investment is its current fair value. Receivables with a short duration are not discounted. Any cumulative loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to surplus or deficit.

In respect of loans and receivables and held-to-maturity investments, the impairment loss is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Reversals are recognised in surplus or deficit, except for available-for-sale equity financial asset, that are recognised in other comprehensive income.

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4. Significant accounting policies (continued)

(b) Employee benefits:

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

Short-term employee benefits are charged as expense. The expected cost of vacation leave that accumulates is recognised over the period that the employee becomes entitled to the leave.

The Co-operative participate in a defined contribution pension plan. Obligations for contribution to defined contribution plans are expensed to surplus or deficit as the related service is provided.

(c) Property, plant and equipment:

(i) Measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see note 4(1)]. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated on the reducing balance basis, except for motor vehicles and computer equipment which are depreciated on the straight-line basis, calculated at rates estimated to write off the relevant assets to their residual values over their expected useful lives. Land is not depreciated.

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4. Significant accounting policies (continued)

(c) Property, plant and equipment (continued):

(iii) Depreciation (continued)

The annual rates are as follows:

Buildings	2%
Leasehold improvements	10%
Motor vehicles	20%
Computer equipment	20%
Equipment, furniture & fixtures	10%
Air conditioning unit	10%
Carpets and drapery	20%
Stand by plant	5%

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

(d) Institutional capital:

Institutional capital includes retained earnings, business combination and other statutory and legal reserves as set out in article XIV rule 66 of the Co-operative Societies Act. These are set aside in order to strengthen the capital base of the Co-operative and thereby protect the interest of the members. These amounts are not available for distribution.

(e) Statutory reserves:

The statutory and legal reserves are maintained in accordance with the provisions of the Co-operative Societies Act which requires that a minimum of 20% of net surplus before honoraria should be carried to a fund. A registered society may apply to the Registrar to allow the required percentage to be reduced. However, the reduction will not be granted below 10%.

(f) Members' shares:

(i) Permanent shares

Voluntary (ordinary) shares in the Co-operative are not regarded as share capital but are treated as savings deposits. The Co-operative has therefore established permanent shares in order to strengthen its capital base. Special bye-laws were passed by the Board of Directors on 24th May 2008, in accordance with the Co-operative Societies Act. All new applicants for membership and existing members of the Co-operative are required to subscribe to a minimum of 1,000 permanent shares. These shares are issued at a par value of \$2 each and are referred to as membership qualification permanent shares.

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4. Significant accounting policies (continued)

(f) Members' shares (continued):

(i) Permanent shares (continued)

Monies paid for permanent shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Co-operative or any other Co-operative as borrower, endorser, co-maker or guarantor.

In accordance with Rule 11, an individual ceasing to be a member of the Co-operative, shall be entitled to a refund of any amount held as permanent shares. Rule 13(ii) makes provision for permanent shares to be redeemable only upon transfer to another member. In facilitation of this rule, the Co-operative has established a share transfer fund which should represent up to a maximum of fifteen percent (15%) of the value of the outstanding permanent shares. This is funded from appropriation of surplus and will not form part of the Co-operative's institutional capital.

(ii) Voluntary shares

Members' voluntary shares represent deposit holdings of the Co-operative's members, to satisfy membership requirements and to facilitate eligibility for loans and other benefits. These shares are classified as financial liabilities. Dividends payable on these shares are determined at the discretion of the Co-operative and reported as interest in surplus or deficit in the period in which they are approved.

(g) Revenue recognition:

(i) Interest income under IFRS 9

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- (a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- (b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

(ii) Interest income under IAS 39

Interest income is recognised in surplus or deficit for all interest-bearing instruments on the accrual basis, using the effective interest rate method, based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on treasury bills and other discounted instruments.

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Notes to the Financial Statements (Continued)
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4. Significant accounting policies (continued)

(g) Revenue recognition (continued):

(iii) Fees and commission

Policy applicable from January 1, 2018

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Co-operative recognises revenue when it transfers control over a service to a customer.

Fee and commission income including account service fees are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Co-operative's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Co-operative first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15 (applicable from January 1, 2018).
Service fees	The Co-operative provides banking related services to members including account management, foreign currency transactions and servicing fees.	Revenue from account services and servicing fees is recognised over time as the services are provided.
	Fees for ongoing account management are charged to the members' accounts on a monthly basis.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
	Transaction-based fees such as credit bureau fees are charged to the customers' account when the transaction takes place.	
	Servicing fees are charged on a monthly basis and are based on fixed rates determined by the Co-operative.	

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Notes to the Financial Statements (Continued)
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4. Significant accounting policies (continued)

(g) Revenue recognition (continued):

(iii) Fees and commission (continued)

Policy applicable before January 1, 2018

Fees and commission income are recognised on the accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction are recognised on completion of the underlying transaction.

(iv) Dividends

Dividend income from equity financial investments is recognised when the Co-operative's right to receive payment has been established.

(h) League fees and stabilization dues:

JCCUL has fixed the rate of league fees at 0.20% (2017: 0.20%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2017: 0.15%) of total savings.

(i) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in surplus or deficit.

(j) Basis of combination:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the Co-operative. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Co-operative measures goodwill at the acquisition date as:

- the fair value of the acquiree's equity interest;
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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4. Significant accounting policies (continued)

(j) Basis of combination (continued):

When the excess is negative, a bargain purchase gain is recognised immediately in surplus or deficit.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in surplus or deficit.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Co-operative incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

(k) Intangible assets:

(i) Customer relationships

Customer relationships are initially measured at fair value and subsequently at cost less accumulated amortisation and impairment losses and are deemed to have a finite useful life. Customer relationships are the estimated economic benefits derived from the incremental revenues and related cash flows as a direct result of relationships in place, versus having to try and replicate them. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of twelve (12) years.

(ii) Trademarks

Trademarks are measured at cost less accumulated amortisation and accumulated impairment losses and are deemed to have a finite useful life. The trademark recognised is fully impaired.

(iii) Core deposits

Core deposits relate to the total cost of maintaining the core deposit base (e.g., interest, servicing costs, fee income, and the opportunity cost of reserve requirements and float) in comparison to the cost of an alternative funding source. These are measured at cost less impairment losses and are deemed to have a finite useful life. Amortisation is calculated using the straight line basis to allocate the cost of the intangible assets over their estimated useful lives of twelve (12) years.

(iv) Goodwill

Goodwill is measured initially at fair value, less any accumulated impairment losses. Goodwill is not amortised but assessed annually for impairment.

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Notes to the Financial Statements (Continued)
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4. Significant accounting policies (continued)

(k) Intangible assets (continued):

(v) Computer software

Computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and impairment losses, if any.

(l) Impairment of non-financial assets

The carrying amounts of the Co-operative's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combinations.

(i) Calculation of recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit.

(ii) Reversals of impairment

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

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

(m) Leases

Leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Payments under operating leases are charged as an expense in surplus or deficit on the straight line basis over the period of the lease.

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4. Significant accounting policies (continued)

(n) Deferred income:

Donations or contributions received for capital or recurring expenditure is recognised in deferred income at amortised cost. An amount equivalent to the depreciation charge on capital assets acquired from the funds is recognised as income in profit or loss. Amounts used for recurring expenses are recognised in profit or loss as the expenses are incurred.

(o) New and amended standards and interpretations issued but not yet effective

At the date of approval of these financial statements, certain new and amended standards and interpretations were in issue but were not effective at the reporting date and had not been early adopted by the Co-operative. The Co-operative has assessed them and determined that the following may be relevant to its operations:

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for leases, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

The Co-operative is assessing the impact that the standard will have on its 2019 financial statements.

- Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

(i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Co-operative is assessing the impact that the amendment will have on its 2019 financial statements.

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4. Significant accounting policies (continued)

(o) New and amended standards and interpretations issued but not yet effective (continued):

- *Annual Improvements to IFRS Standards 2015-2017* cycle contain amendments to IFRS 3, *Business Combinations*, IFRS 11, *Joint Arrangements*, IAS 23, *Borrowing Costs* that are effective for annual periods beginning on or after January 1, 2019.
 - (i) The amendments to IFRS 3 and IFRS 11 clarify how an increased interest in a joint operation should be accounted for. If a party maintains or obtains joint control, then the previously held interest is not remeasured. But if a party obtains control, this is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
 - (ii) IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. The change will apply to borrowing costs incurred on or after the date of initial adoption of the amendment.

The Co-operative is assessing the impact that these amendments will have on its 2019 financial statements.

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Co-operative does not expect the amendment to have a significant impact on its 2020 financial statements.

5. Critical accounting estimates and judgements

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

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

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5. Critical accounting estimates and judgements (continued)

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

(i) Critical accounting judgements in applying the Co-operative's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

Applicable for 2018 only:

(1) Classification of financial assets

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(ii) Key assumptions and other sources of estimation uncertainty

(1) Allowance for impairment losses on financial assets under IFRS 9 and IAS 39

Measurement of the expected credit loss allowance under IFRS 9 from January 1, 2018

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Management also estimates the likely amount of cashflows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimate. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 32(a), which also sets out key sensitivities of the ECL to changes in these elements. The use of assumptions make uncertainty inherent in such estimate.

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5. Critical accounting estimates and judgements (continued)

(ii) Key assumptions and other sources of estimation uncertainty (continued)

- (1) Allowance for impairment losses on financial assets under IFRS 9 and IAS 39 (continued)

Measurement of the expected credit loss allowance under IAS 39 before January 1, 2018 (continued)

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

- (2) Fair value of investments

Applicable to 2018

The Co-operative's accounting policies and disclosures require the measurement of fair values for financial assets. The determination of whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy [note 32(f)] requires judgement as to whether a market is active.

When one is available, the Co-operative measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Co-operative uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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5. Critical accounting estimates and judgements (continued)

(iii) Key assumptions and other sources of estimation uncertainty (continued)

(2) Fair values of investments (continued)

Applicable to 2018 (continued)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In the absence of quoted market prices, the fair value of certain of the Co-operative's unquoted equities was determined using net asset value method. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

6. Loans to members

	<u>2018</u> \$'000	<u>2017</u> \$'000
Balance at beginning for year	8,535,973	7,110,843
Loans arising through business combination (note 33)	2,144,819	-
Loans granted	<u>3,692,688</u>	<u>4,754,085</u>
	14,373,480	11,864,928
Less: repayments and transfers	<u>(3,487,110)</u>	<u>(3,328,955)</u>
	<u>10,886,370</u>	<u>8,535,973</u>
Less: Impairment loss allowance	<u>(106,895)</u>	<u>(50,515)</u>
Impairment loss allowance arising through business combination	<u>(183,702)</u>	<u>-</u>
	<u>(290,597)</u>	<u>(50,515)</u>
	10,595,773	8,485,458
Loan interest receivable	<u>68,652</u>	<u>56,350</u>
Balance at end of year	<u>10,664,425</u>	<u>8,541,808</u>

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6. Loans to members (continued)

	2018 \$'000	2017 \$'000
Loans to members, before loss allowance impairment, comprise:		
Motor vehicle loans	4,849,024	4,045,932
Cash secured loans	1,593,536	1,365,432
Home equity loans	510,034	529,293
Mortgage loans	954,570	669,015
Unsecured loans	2,707,216	1,681,909
Other loans	271,990	244,392
	<u>10,886,370</u>	<u>8,535,973</u>

The aggregate amount of non-performing loans on which interest is not being accrued amounted to \$234,331,000 (2017: \$87,724,000). Uncollected interest not accrued in these financial statements on these loans was estimated at \$7,213,000 (2017: \$7,213,000).

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

	2018 \$'000	2017 \$'000
Balance at beginning of year	50,515	56,717
Arising through business combination (note 33)	183,702	-
Remeasurement on January 1, 2018 (IFRS 9)	88,128	-
Charge for the year	80,681	42,638
Write-offs	(112,429)	(48,840)
Balance at end of year, being specific provision made	<u>290,597</u>	<u>50,515</u>

Impairment loss allowance determined under Jamaica Co-operative Credit Union League (JCCUL) regulatory requirements is as follows:

	2018				2017			
	Number of loans in arrears	Loans in arrears \$'000	Rate %	Loan loss provision \$'000	Number of loans in arrears	Loans in arrears \$'000	Rate %	Loan loss provision \$'000
1 month	373	417,777	-	-	177	61,910	-	-
2 to 3 months	131	128,972	10	12,897	83	26,775	10	2,677
4 to 6 months	180	144,974	30	43,492	147	32,426	30	9,728
7 to 12 months	165	89,358	60	53,615	186	55,298	60	33,179
	<u>849</u>	<u>781,081</u>	<u>-</u>	<u>110,004</u>	<u>593</u>	<u>176,409</u>	<u>-</u>	<u>45,584</u>

Provision for loan losses determined under Jamaica Co-operative Credit Union League (JCCUL) regulatory requirements is as follows:

	2018 \$'000	2017 \$'000
Regulatory loan loss provision	110,004	45,584
General provision	195,958	89,511
IFRS provision	(290,597)	(50,515)
Loan loss reserve [note 23(a)]	<u>15,363</u>	<u>84,580</u>

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7. Earning assets – liquid assets

	<u>2018</u> \$'000	<u>2017</u> \$'000
Financial assets at amortised cost (2017: Loans and receivables)		
Balances with JCCUL		
Cash	592,617	146,937
Securities purchased under resale agreements	468,764	561,277
Savings account balances	31,994	10,369
Securities purchased under resale agreements	960,585	264,268
The Victoria Mutual Building Society deposit	9,172	8,770
Certificates of deposit (maturity less than 9 months)	57,156	-
Jamaica Money Market Brokers Limited Save Smart account	<u>15,423</u>	<u>9,259</u>
	2,135,711	1,000,880
Less impairment loss allowance	<u>(14,857)</u>	<u>-</u>
	<u>2,120,854</u>	<u>1,000,880</u>
Financial assets at fair value through profit or loss		
Units in unit trust funds:		
Jamaica Unit Trust	66	-
Barita Investments Limited Money Market Fund	40,714	2,647
The Victoria Mutual Building Society Fund	5,379	-
JMMB Investment Fund	40,810	-
Sagicor Investment Funds	<u>15,650</u>	<u>534</u>
	<u>102,619</u>	<u>3,181</u>
	<u>2,223,473</u>	<u>1,004,061</u>

The fair value of the underlying securities used to collateralise the securities purchased under resale agreements was \$1,497,119,000 (2017: \$946,998,000).

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8. Earning assets - financial investments

Investment securities at amortised cost (2017: held-to-maturity)

	2018 \$'000	2017 \$'000
Government of Jamaica benchmark investment notes	351,898	527,237
Corporate bonds		
National Road Operating and Constructing Company Limited (NROCC) 9.375% FR 2024	51,762	50,965
Air Jamaica FR 8.125% 2027	40,449	44,570
138 Student Living Jamaica 10% VR 2026	20,000	20,000
Barita Investment Promissory Notes	83,000	-
West Indies Petroleum Note FR 10%	50,000	-
NCB Capital Market Note FR 4.25%	80,000	-
Cornerstone United Holding Limited Note FR 7.25%	50,000	-
JMMB Unsecured FR 5.5% Note	25,337	-
Proven Wealth Indexed Note	43,885	-
Admiralty VR 2021 Note	4,253	-
Deferred shares:		
COK Solidarity Co-operative Credit Union Limited	24,000	20,000
FHC Co-operative Credit Union Limited	20,000	20,000
The Victoria Mutual Building Society	50,000	-
Certificates of deposit (maturity date greater than 9 months)	122,247	114,443
	1,016,831	797,215
Less impairment loss allowance	(12,122)	-
	<u>1,004,709</u>	<u>797,215</u>

Investment securities at fair value through other comprehensive income (2017: Available-for-sale)

Quoted equities	70,158	34,653
Units in Jamaica Unit Trust	-	68
Unquoted equities:		
Cable and Wireless Jamaica Limited	580	-
Credit Union Fund Management Company Limited	84,556	72,290
Caribbean Assurance Brokers Limited	9,756	5,585
Jamaica Co-operative Credit Union League Limited [note (a)]	-	12,045
Quality Network Co-operative Limited ("QNET")	14,094	17,187
Mid-Island Packing & Processing Company Limited	-	4,000
Jamaica Co-operatives Insurance Agency Limited	14,630	10,500
Centralized Strategic Services Limited (CSS)	33	3,000
	<u>193,807</u>	<u>159,328</u>

Investment securities at fair value through profit or loss

JMMB managed portfolio	404,044	-
Jamaica Co-operative Credit Union League Limited [note (a)]	16,061	-
	<u>420,105</u>	<u>-</u>
	<u>1,618,621</u>	<u>956,543</u>

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Notes to the Financial Statements (Continued)

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8. Earning assets - financial investments (continued)

- (a) A minimum of 1,000,000 shares, each with a par value of \$1.00, must be held with the JCCUL for the Co-operative to retain membership status.

9. Non-earning liquid assets

Cash balances
Current account balance

<u>2018</u>	<u>2017</u>
<u>\$'000</u>	<u>\$'000</u>
139,661	82,321
-	<u>56,431</u>
<u>139,661</u>	<u>138,752</u>

10. Other assets

Interest receivable
Other receivables

<u>2018</u>	<u>2017</u>
<u>\$'000</u>	<u>\$'000</u>
19,878	19,437
<u>75,765</u>	<u>79,720</u>
<u>95,643</u>	<u>99,157</u>

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11. Property, plant and equipment

	Land and buildings \$'000	Motor vehicles \$'000	Equipment, furniture & fixtures \$'000	Computer equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
Cost:							
December 31, 2016	588,860	10,638	132,697	135,995	10,255	9,876	888,321
Additions	138	-	2,511	12,627	-	324	15,600
Disposals/write-offs	-	-	(572)	-	(564)	-	(1,136)
December 31, 2017	588,998	10,638	134,636	148,622	9,691	10,200	902,785
Additions	2,508	-	10,943	35,254	-	8,878	57,583
Transfer	9,945	-	-	-	-	(9,945)	-
Acquisition through business combination (note 33)	115,081	-	17,456	17,030	-	-	149,567
December 31, 2018	716,532	10,638	163,035	200,906	9,691	9,133	1,109,935
Depreciation:							
December 31, 2016	40,485	6,458	54,206	105,329	4,070	-	210,548
Charge for the year	8,780	1,838	7,328	10,838	463	-	29,247
Eliminated on disposals/write-offs	-	-	(185)	-	(410)	-	(595)
December 31, 2017	49,265	8,296	61,349	116,167	4,123	-	239,200
Acquisition through business combination (note 33)	251	-	16,266	13,330	-	-	29,847
Charge for the year	9,249	1,304	7,212	14,751	419	-	32,935
December 31, 2018	58,765	9,600	84,827	144,248	4,542	-	301,982
Net book values:							
December 2018	657,767	1,038	78,208	56,658	5,149	9,133	807,953
December 2017	539,733	2,342	73,287	32,455	5,568	10,200	663,585

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12. Intangible assets

	<u>Trademarks</u> \$'000	<u>Goodwill</u> \$'000	<u>Customer relationships</u> \$'000	<u>Core deposits</u> \$'000	<u>Computer software</u> \$'000	<u>Total</u> \$'000
Cost:						
December 31, 2016 and 2017	2,430	54,013	63,921	39,654	68,442	228,460
Additions	-	-	-	-	215,799	215,799
Acquisitions through business combination (note 33)	-	36,039	-	99,700	12,707	148,446
December 31, 2018	2,430	90,052	63,921	139,354	296,948	592,705
Amortisation:						
December 31, 2016	2,430	-	18,625	1,375	61,041	83,471
Charge for the year	-	-	5,326	3,304	4,348	12,978
December 31, 2017	2,430	-	23,951	4,679	65,389	96,449
Charge for the year	-	-	5,326	6,370	6,235	17,931
Acquisitions through business combination (note 33)	-	-	-	-	8,161	8,161
December 31, 2018	2,430	-	29,277	11,049	79,785	122,541
Net book values:						
December 2018	-	90,052	34,644	128,305	217,163	470,164
December 2017	-	54,013	39,970	34,975	3,053	132,011

13. Voluntary shares

	<u>2018</u> \$'000	<u>2017</u> \$'000
Balance at beginning of year	2,901,834	2,848,559
Arising through business combination (note 33)	304,932	-
Amount subscribed	3,229,957	3,023,689
Interest capitalised	12,240	13,680
	6,448,963	5,885,928
Withdrawals and transfers	(3,118,233)	(2,984,094)
Balance at end of year	3,330,730	2,901,834

Interest is paid at a rate of 0.25% (2017: 1%) per annum.

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14. Deferred shares

	<u>2018</u> \$'000	<u>2017</u> \$'000
Fixed rate (i)	1,801	2,082
Variable rate (ii)	-	300,000
Variable rate (iii)	<u>862,500</u>	<u>-</u>
	<u>864,301</u>	<u>302,082</u>

- (i) These shares were issued at a par value of \$2 per share. They are not withdrawable for a period of five (5) years and attract interest at 6% to 12% per annum.
- (ii) These shares were issued on May 30, 2013 at a par value of \$2 per share. They are not withdrawable for a period of five (5) years and attract interest at 8.5% per annum for the first 12 months. Thereafter, the rate will be reset every six (6) months, at the average six (6) months treasury bill yield held prior to the commencement of each payment period, plus one hundred and fifty basis point (1.5%).
- (iii) These shares were issued on May 31, 2018 at a par value of \$2 per share. They are not withdrawable for a period of five (5) years and attract interest at 7.35% per annum for the first twelve four (24) months. Thereafter, the rate will be reset annually on June 15th, at the average six (6) months treasury bill yield held prior to the commencement of the relevant coupon period, plus two hundred and fifty basis points.

Based on the proposed Bank of Jamaica Credit Union Regulations, deferred shares are treated as institutional capital, and as such are included in the calculation of the capital to asset ratio. They are, however, classified in these financial statements as liabilities in accordance with the requirements of IFRS.

15. Saving deposits

	<u>2018</u> \$'000	<u>2017</u> \$'000
Salary deposits	138,849	116,212
Ordinary deposits	2,208,531	815,552
Golden harvest deposits	538,602	605,774
Golden archer deposits	721,978	685,386
Special fixed deposits	3,360,928	2,708,722
Mortgage deposits	38,365	46,850
Long-term savings deposits	95,550	106,905
Early bird savings	95,354	67,182
Partner savings accounts	123,647	87,252
High yield savings accounts	284,667	205,724
Save as you earn (SAYE)	881,213	398,127
Other deposits	427,973	601,560
Solid saver	<u>313,339</u>	<u>-</u>
	<u>9,228,996</u>	<u>6,445,246</u>

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16. Due to other institutions

	<u>2018</u> \$'000	<u>2017</u> \$'000
Jamaica Urban Transit Company (JUTC) revolving loan fund	5,000	5,000
Carib Star Shipping Limited staff fund	1,574	1,574
Restaurant Associates Limited staff fund	4,238	4,238
Crown Packaging Jamaica Limited staff fund	6,809	6,809
JAMALCO Foundation fund	-	2,661
Shipping Association of Jamaica staff fund	3,000	3,000
National Water Commission (NWC) fund	19,822	19,822
JA REACH fund	7,451	-
	<u>47,894</u>	<u>43,104</u>

These represent deposits made by corporate entities which are held as security for their members' borrowings. The deposits bear interest at varying rates of interest per annum and have no specific repayment terms.

17. External credit

	<u>2018</u> \$'000	<u>2017</u> \$'000
NHT Jump Start Loan (i)	72,325	19,221
Sharetec Loan (ii)	78,628	-
	<u>150,953</u>	<u>19,221</u>

(i) This represents advances under the National Housing Trust Jump Start mortgage fund facility which bears interest at rates ranging from 6% to 9% and are repayable over 1 to 5 years. The loans are both secured, and unsecured. The secured loans are secured by all acceptable collateral based on the Co-operatives credit policy. Each qualifying member can access a loan up to \$850,000 at any one time but the total maximum loans which can be on-lent to each qualifying member is \$1,500,000.

(ii) This represents an amount payable to Sharetec for software development cost. The amount is interest free and is payable over thirty six (36) months.

18. Accruals

	<u>2018</u> \$'000	<u>2017</u> \$'000
Interest payable	66,926	44,927
Accrued vacation	26,874	29,346
Other accruals	62,596	36,309
	<u>156,396</u>	<u>110,582</u>

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19. Payables

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Withholding tax	3,098	5,825
Statutory contributions	33,898	23,971
Pensions contributions payable	1,810	1,762
Standing order payments	91,205	32,841
Sundry credit balances	<u>108,369</u>	<u>14,601</u>
	<u>238,380</u>	<u>79,000</u>

20. Other non-interest bearing liabilities

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Advances - Cable & Wireless Jamaica Limited	59,879	58,879
Standing orders/members holding account	5,079	5,079
Sundry payables	13,450	5,218
Estate - deceased members	51,548	32,185
Death benefits	11,608	11,608
Deferred income (a)	10,953	-
Refundable to former members	7,254	7,254
Miscellaneous	<u>42,649</u>	<u>36,978</u>
	<u>202,420</u>	<u>157,201</u>

(a) This represents funds received from Jamaica Co-operative Credit Union League Limited Stabilization Fund to assist with the implementation of IFRS 9 standard.

21. Permanent shares

<u>2018</u>	<u>2017</u>
<u>\$'000</u>	<u>\$'000</u>
<u>260,795</u>	<u>184,150</u>

Permanent shares are issued at a par value of \$2 per share. They form part of the permanent capital in the Co-operative and are not withdrawable [note 4(f)(i)].

In a meeting of the Board of Directors held on April 28, 2018 (2017: May 6, 2017) a dividend of \$18,825,000 (2017:\$9,030,000) representing approximately 10% (2017: 5%) of the value of the membership qualification shares was declared.

22. Institutional capital

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Statutory and legal reserve (i)	916,400	821,825
General reserve (ii)	12,449	12,449
Business combination reserve (iii)	489,534	253,855
Retained earnings reserve (iv)	<u>26,188</u>	<u>26,188</u>
	<u>1,444,571</u>	<u>1,114,317</u>

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22. Institutional capital (continued)

(i) Statutory and legal reserve

	<u>2018</u> \$'000	<u>2017</u> \$'000
Balance at beginning of year	821,825	545,442
Transfer for the year 78.87% (2017: 69.36%) of net surplus	93,250	275,000
Entrance fees	<u>1,325</u>	<u>1,383</u>
Balance at end of year	<u>916,400</u>	<u>821,825</u>

As required by the Co-operative Societies Act a minimum of twenty (20%) of the annual surplus are transferred to reserves. Amounts collected for entrance fees are also included in this reserve.

(ii) General reserve

This represents accumulated surplus transferred from Marine and Allied Co-operative Credit Union Limited and Clarendon Co-operative Credit Union Limited on their merger with the Co-operative.

(iv) Business combination reserve

This represents the excess of the fair value of net assets acquired and the deemed value for shares issued to members in the business combinations.

(v) Retained earnings reserve

This represents transfers from surplus which are not available for distribution.

23. Non-institutional capital

	<u>2018</u> \$'000	<u>2017</u> \$'000
Loan loss reserve (a)	15,363	84,580
Fair value reserve (b)	21,114	10,615
Other non-qualifying reserves (c) (note 24)	23,302	17,110
Undistributed net surplus	<u>34,725</u>	<u>66,875</u>
	<u>94,504</u>	<u>179,180</u>

(a) Loan loss reserve

This is a non-distributable reserve representing the excess of the provision for loan losses determined by using the JCCUL regulatory requirement as well as any additional general provision as determined by management and the Co-operative's policies over the amount determined under IFRS.

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23. Non-institutional capital (continued)

(b) Fair value reserve

This represents the unrealised surplus or deficit on the revaluation of financial assets at fair value through other comprehensive income [2017: available-for-sale investments].

(c) Other non-qualifying reserves

These represent amounts set aside by the Co-operative to be used for specified purposes determined by the Co-operative or the donors to the specified funds.

24. Other non-qualifying reserves

	<u>2018</u> \$'000	<u>2017</u> \$'000
Special reserve	10	10
Scholarship fund	3,818	3,915
Disaster and social outreach fund	7,756	6,242
Education reserve	147	147
Development fund	300	300
Share transfer fund [note 4(f)(i)]	7,535	2,742
Leslie Mills Trust fund	<u>3,736</u>	<u>3,754</u>
	<u>23,302</u>	<u>17,110</u>

25. Other financial costs

	<u>2018</u> \$'000	<u>2017</u> \$'000
Life savings and loan protection insurance	32,164	27,169
Golden harvest insurance	4,534	3,997
Bonding insurance	6,059	5,173
Bank charges	18,118	13,443
ABM fees	15,029	9,052
Other financial cost	<u>1,277</u>	<u>110</u>
	<u>77,181</u>	<u>58,944</u>

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26. Other non-interest income

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Commission on bill collections & remittance services	6,978	6,243
Gains on foreign exchange	12,600	1,500
Gains on sale of investments	-	20,453
Family Indemnity Plan commission	9,601	5,967
Dividends on equity investments	2,480	1,631
Pension surplus refund (i)	-	119,000
Miscellaneous	10,833	3,056
Bad debt recovered	52,405	68,731
	<u>94,897</u>	<u>226,581</u>

(i) In the prior year, the Co-operative received a pension surplus refund from a defined benefit plan in which it previously participated.

27. Operating expenses

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Personnel expenses		
Employee salaries and allowances	517,468	415,639
Employee benefits	91,613	77,519
Pension contribution	1,481	29
Education & training	6,550	3,229
Staff travel & related expenses	3,093	4,885
	<u>620,205</u>	<u>501,301</u>
Administrative expenses		
Merger expense	10,212	513
Utilities	54,393	43,277
Depreciation	32,935	29,247
Audit fees	16,429	6,665
Professional fees	29,256	8,910
Repairs & maintenance (office)	22,113	22,403
Janitorial & security	57,930	56,242
Vehicle expenses	1,952	2,440
Telecommunications	34,506	27,907
Printing, stationery & supplies	14,202	26,327
Data processing	52,056	35,622
Insurance premiums	7,545	6,487
Amortisation of intangible assets	17,931	12,978
Subscriptions & other administrative expenses	35,474	12,276
	<u>386,934</u>	<u>291,294</u>

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27. Operating expenses (continued)

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Marketing and promotion:		
Publicity & promotion	<u>62,405</u>	<u>43,525</u>
Representation & affiliation		
League and other dues	34,688	32,885
Seminars and meetings	15,666	15,789
Committees	24,015	18,997
Annual general meeting	<u>12,379</u>	<u>8,174</u>
	<u>86,748</u>	<u>75,845</u>
TOTAL OPERATING EXPENSES	<u>1,156,292</u>	<u>911,965</u>

28. Comparison of ledger balances

	<u>Voluntary</u> <u>shares</u> <u>\$'000</u>	<u>Savings</u> <u>deposits</u> <u>\$'000</u>	<u>Loans</u> <u>\$'000</u>
December 31, 2018:			
General ledger	3,330,730	9,228,996	10,886,370
Personal ledger	<u>3,330,818</u>	<u>9,226,481</u>	<u>10,886,369</u>
Difference	<u>88</u>	<u>2,515</u>	<u>1</u>
December 31, 2017:			
General ledger	2,901,834	6,445,246	8,535,973
Personal ledger	<u>2,901,738</u>	<u>6,445,180</u>	<u>8,535,812</u>
Difference	<u>96</u>	<u>66</u>	<u>161</u>

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29. Related party transactions

Related parties include directors and senior executives all of whom are referred to as key management personnel as well as entities closely connected to them. The Co-operative entered into the following transactions with related parties:

	<u>2018</u> \$'000	<u>2017</u> \$'000
(a) Loan balances (including interest)		
Board and committee members	60,786	33,152
Other key management personnel	<u>75,421</u>	<u>66,911</u>
(b) Deposits (including interest)		
Board and committee members	35,809	24,942
Other key management personnel	<u>8,017</u>	<u>18,216</u>

No waivers were granted in respect of these loans. At December 31, 2017, all loans owing by directors, committee members and staff were being repaid in accordance with their loan agreements.

(c) Compensation of key management personnel:

The remuneration of key members of management during the year was as follow:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Salaries and other short-term benefits	<u>56,148</u>	<u>44,462</u>

30. Life savings and loan protection insurance

There were life savings and loan protection insurance in force during the year.

31. Fidelity insurance

Fidelity insurance coverage was adequately maintained during the year.

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32. Financial risk management

By its nature, the Co-operative's activities are principally related to the use of financial instruments, which involves analysis, evaluation and management of some degree of risk or combination of risks. The Co-operative manages risk through a framework of risk principles, organisational structures and risk management and monitoring processes that are closely aligned with the activities of the Co-operative. Risk management policies are designed to identify and analyse the risks faced by the Co-operative, to set appropriate risk limits and controls, and to monitor risks and adherence to limits by means of regularly generated reports. The Co-operative's aim is therefore to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Co-operative's financial performance.

The Co-operative has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors is ultimately responsible for the establishment and oversight of the Co-operative's risk management framework. The Board has established committees for managing and monitoring risks.

Three key committees for managing and monitoring risks are:

Asset and Liability Management Committee (ALCO)

The ALCO is responsible for managing the Co-operative's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risk of the Co-operative.

Risk management policies and systems are reviewed regularly by the Asset and Liability Management Committee (ALCO) and recommendations made to the Board of Directors to reflect changes in market conditions, products and services. The ALCO reports monthly to the Board on their activities.

Supervisory Committee

The Supervisory Committee is responsible for monitoring compliance with the Co-operative's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Co-operative. The Supervisory Committee is assisted in these functions by the Internal Audit function which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Board.

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32. Financial risk management (continued)

Three key committees for managing and monitoring risks are (continued):

Credit Committee

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

(a) Credit risk:

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This risk arises primarily from the Co-operative's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of financial instruments not reflected in the statement of financial position such as loan commitments and guarantees. These expose the Co-operative to similar risks as loans and are managed in the same manner. The carrying amount of financial assets represents the maximum credit exposure.

(i) Loans to members and guarantees

The Board of Directors is responsible for formulating the credit policies, establishing the authorisation structure for the approval of credit facilities, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk ratings. The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee.

The Credit Committee has oversight responsibility for the Co-operative's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Co-operative's credit review process. The Credit Committee reports to the Board on a monthly basis.

The Board of Directors is responsible for formulating the credit policies, establishing the authorisation structure for the approval of credit facilities, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk ratings. The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee.

The Credit Committee has oversight responsibility for the Co-operative's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Co-operative's credit review process. The Credit Committee reports to the Board on a monthly basis.

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32. Financial risk management (continued)

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

Credit Review Process

The documented procedures established loan policy and loan interest rates that manage risk and provide the best possible rate based on the member's credit worthiness at the time of the loan; protects saver interests by managing risk; provides competitive interest rates and prompt service to borrowers; complies with all applicable laws and regulations.

Risk based lending which was implemented by the Co-operative provides different rates for different borrowers based on their financial circumstances and credit history. Members applying for loans are evaluated against a pre-determined set of factors in determining and assigning their appropriate risk category.

Risk categories range between "A" to "D", with "A" being the lowest risk and "D" being the highest risk. This assigned risk category forms the basis of the loan approval and interest rate decision. Regular monitoring and review are undertaken by Internal Audit and the Credit Committee, the results of which are reported to the Board on a monthly basis.

Collateral

The Co-operative holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Co-operative and guarantees. Estimates of fair values are based on the values of collateral assessed at the time of borrowing and are generally not updated until a loan is individually assessed as impaired.

Collateral is not generally held against deposits and investment securities, except when securities are held as part of reverse repurchase agreements. An estimate of the fair values of collateral held against financial assets is not readily available.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Co-operative has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

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32. Financial risk management continued)

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

Write-off policy

The Co-operative writes off loans and any related allowances for impairment losses when it is determined that the loans are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Additionally, loans are written off once they are delinquent for 365 days or more based on regulatory requirements.

(ii) Liquid assets and investment securities

The Co-operative limits its exposure to credit risk by investing mainly in liquid assets. These investments and other liquid assets are held only with counterparties that have high credit quality and Government of Jamaica securities. The management therefore does not expect any counterparty to fail to meet its obligations. The strength of these institutions is constantly reviewed by the ALCO Committee.

There has been no change to the Co-operative's exposure to credit risk or the manner in which it manages and measures the risk.

(iii) Maximum exposure to credit risk and credit quality analysis

The following table sets out information about the maximum exposure to credit risk and the credit quality of financial assets measured at amortised cost, FVOCI debt instruments (2018) and available-for-sale debt assets (2017). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

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32. Financial risk management continued)

(a) Credit risk (continued):

(iii) Maximum exposure to credit risk and credit quality analysis (continued)

Loans receivable at amortised cost:

Credit grade	2018				2017
	Stage 1	Stage 2	Stage 3	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Grade A – Low risk	5,079,905	-	-	5,079,905	6,783,329
Grade B – risk	4,032,159	-	-	4,032,159	1,139,968
Grade C	998,659	36,940	-	1,035,599	393,089
Grade D – High risk	62,052	448,628	228,027	738,707	219,587
	10,172,775	485,568	228,027	10,886,370	8,535,973
Loss allowance	(113,816)	(35,171)	(141,610)	(290,597)	(50,515)
	10,058,959	450,397	86,417	10,595,773	8,485,458

The following table sets out information about the overdue status of loans in stage 1, 2 and 3.

	2018				2017
	Stage 1	Stage 2	Stage 3	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Neither past due or impaired	8,865,561	-	-	8,865,561	8,359,564
Past due but not impaired:					
1 month	1,307,214	361,605	518	1,669,337	22,450
2 to 3 months	-	123,963	46	124,009	11,757
4 to 6 months	-	-	145,440	145,440	6,567
7 to 12 months	-	-	71,084	71,084	15,596
Individually Impaired	-	-	10,939	10,939	120,039
	10,172,775	485,568	228,027	10,886,370	8,535,973

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32. Financial risk management continued)

(a) Credit risk (continued):

(iii) Maximum exposure to credit risk and credit quality analysis (continued)

Debt securities and other financial assets at amortised cost:

	2018	2017
	Stage 1	
	\$'000	\$'000
Credit grade		
BBB+ and below	351,898	527,237
Non-investment grade	<u>2,896,287</u>	<u>1,271,392</u>
	3,248,185	1,798,629
Loss allowance	(26,979)	-
	<u>3,221,206</u>	<u>1,798,629</u>

The following table sets out the credit quality of debt securities measured at fair value through profit or loss (FVTPL). The analysis has been based on Standards and Poor ratings.

	2018	2017
	\$'000	\$'000
Government bonds		
Investment grade	17,841	-
Corporate bonds		
Non-investment grade	<u>97,308</u>	-
	<u>115,149</u>	-

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32. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

(a) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Co-operative considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Co-operative's historical experience and third party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Co-operative uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

Credit risk grades:

The Co-operative allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

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32. Financial risk management continued

(a) Credit risk (continued):

(iv) Impairment (continued)

(a) *Significant increase in credit risk (continued)*

Credit risk grades (continued):

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.
- Data from credit reference agencies, press articles, changes in external credit ratings.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.
- External data from credit reference agencies, including industry-standard credit scores.
- Payment record, which includes overdue status as well as a range of variables about payment ratios.
- Existing and forecast changes in business, financial and economic conditions.

Determining whether credit risk has been increased significantly:

The Co-operative assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk is deemed to increase significantly where the credit rating of a security decreased four or more levels on the international credit rating scale since the rating at origination date or the issuer of the instrument is experiencing or is very likely to experience one or more adversities and where there are adverse changes in one or more of the credit risk drivers that could increase the likelihood of default since the origination of loans.

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32. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

(a) *Significant increase in credit risk (continued)*

Determining whether credit risk has been increased significantly (continued):

As a backstop, the Co-operative considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Co-operative determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Co-operative monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).
- the borrower is unlikely to pay its credit obligations to the Co-operative in full, without recourse by the Co-operative to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Co-operative.
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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Notes to the Financial Statements (Continued)

December 31, 2018

32. Financial risk management continued

(a) Credit risk (continued):

(iv) Impairment (continued)

(a) *Significant increase in credit risk (continued)*

Definition of default:

In assessing whether a borrower is in default, the Co-operative considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Co-operative; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Co-operative for regulatory capital purposes.

(b) *Incorporation of forward-looking information*

The Co-operative incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Co-operative uses a forward-looking score card model to estimate the potential of future economic conditions. It formulates three economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 20% and 30% probability of occurring, respectively. Each scenario considers the expected impact of interest rates, unemployment rates, gross domestic product (GDP) and inflation. The base case is aligned with information used by the Co-operative for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica, supranational organisations and selected private-sector forecasters.

(c) *Measurement of ECL*

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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Notes to the Financial Statements (Continued)

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32. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

(c) *Measurement of ECL (continued)*

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Co-operative estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Co-operative derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Co-operative measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Co-operative considers a longer period. The maximum contractual period extends to the date at which the Co-operative has the right to require repayment of an advance or terminate a loan commitment or guarantee.

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32. Financial risk management continued)

(a) Credit risk (continued):

(iv) Impairment (continued)

(c) *Measurement of ECL (continued)*

Applicable before January 1, 2018

The Co-operative established an allowance for impairment losses that represents its estimate of probable losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a group basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment. Additional regulatory allowance may be made based on the aging of the delinquency portfolio. Where the regulatory and general computations exceed the accounting standards the additional allowance is treated as an appropriation and taken to reserves.

(d) *Loss allowance*

The loss allowance recognised is analysed as follow:

	2018				2017
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000	\$'000
Loans to members:					
Balance at January 1, 2018 (IAS 39)	50,515	-	-	50,515	50,515
Amount arising on business combination	57,547	27,799	98,356	183,702	-
Remeasurement on January 1, 2018 (IFRS 9)	18,510	3,745	65,873	88,128	-
Write-offs	-	-	(112,429)	(112,429)	-
Net re-measurement of loss allowance	(12,756)	3,627	89,810	80,681	-
Balance at December 31, 2018	63,301	35,171	192,125	290,597	50,515

	2018				2017
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000	\$'000
Debt securities and other financial assets at amortised cost:					
Balance at January 1, 2018 (IAS 39)	-	-	-	-	-
Remeasurement on January 1, 2018 (IFRS 9)	18,145	-	-	18,145	-
Net re-measurement of loss allowance	8,834	-	-	8,834	-
Balance at December 31, 2018	26,979	-	-	26,979	-

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December 31, 2018

32. Financial risk management continued)

(b) Liquidity risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Co-operative is exposed to daily calls on its available cash resources from loan draw-downs, withdrawal of savings, overnight and maturing deposits. The approach to managing liquidity is to ensure, as far as possible, that there is always sufficient cash and marketable securities to meet obligations when due, under normal and also under stressed conditions. The Board of Directors has delegated responsibility for the management of liquidity risk to the Asset and Liability Management Committee. On a monthly basis, the committee reviews the ratios and gap reports in order to assess and manage liquidity risk and to ensure compliance with internal policies and regulatory guidelines. The Co-operative manages its liquidity levels on a daily basis by the monitoring of future cash flows and maintenance of adequate amount of committed facilities.

The key measures used by the Co-operative for managing liquidity risk is the ratio of liquid assets to total savings deposits. For this purpose, liquid assets include cash and bank balances, deposits held with the JCCUL and highly liquid investments which have maturities up to nine months.

The Co-operative is subject to a liquidity limit imposed by JCCUL and compliance is regularly monitored. This limit requires that the Co-operative maintain liquid assets amounting to at least 10% of withdrawable savings and deposits. The liquid asset ratio as at December 31, 2018 was approximately 12% (2017: 12%) which is in compliance with the standard.

Members' voluntary shares and savings deposits have no contractual maturity. The amounts included in the analysis are based on management's estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows which are generally expected to maintain a stable or increasing balance.

There has been no change to the Co-operative's exposure to liquidity risk or the manner in which it manages and measures this risk.

The following table represents the undiscounted cash flows (gross principal and interest cash flows) to settle financial liabilities based on contractual repayment obligations at the reporting date. Based on experience however, the Co-operative expects that the actual cash flows will be significantly less than the contractual cash flows, as most members will not request repayment on the contractual maturity date, but will reinvest their funds with the Co-operative.

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32. Financial risk management (continued)

(b) Liquidity risk (continued):

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and bank balances, liquid deposits at JCCUL, investment securities and loans to members.

	Contractual cashflows					Total contractual cash flows \$'000	Total carrying amount \$'000
	Within 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	No specific maturity \$'000		
As at December 31, 2018							
Saving deposits	1,792,376	1,114,567	1,457,073	4,947,378	-	9,311,394	9,228,996
Due to other institutions	-	-	-	-	48,877	48,877	47,894
External credit	10,880	32,638	113,945	-	-	157,463	150,953
Other liabilities	394,776	-	-	-	202,420	597,196	597,196
Voluntary shares	3,330,730	-	-	-	-	3,330,730	3,330,730
Deferred shares	15,233	46,544	1,049,045	-	-	1,110,822	864,301
Total financial liabilities	5,543,995	1,193,749	2,620,063	4,947,378	251,297	14,556,482	14,220,070
As at December 31, 2017							
Saving deposits	2,161,113	848,991	810,568	2,657,415	-	6,478,087	6,445,246
Due to other institutions	-	-	-	-	47,861	47,861	43,104
External credit	899	2,697	16,329	-	-	19,925	19,221
Other liabilities	123,927	-	-	-	222,856	346,783	346,783
Voluntary shares	2,901,834	-	-	-	-	2,901,834	2,901,834
Deferred shares	5,739	305,908	-	-	-	311,647	302,082
Total financial liabilities	5,193,512	1,157,596	826,897	2,657,415	270,717	10,106,137	10,058,270

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32. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates, foreign currency rates and equity prices and will affect the Co-operative's income or the value of its holdings of financial instruments. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investments. Market risk exposures are measured using sensitivity analyses.

There has been no change to the Co-operative's exposure to market risks or the manner in which it manages and measures this risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The Co-operative is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. It ensures that its net foreign currency exposure is kept to an acceptable level by buying or selling currencies at spot rates when necessary to address short-term imbalances.

The Co-operative's exposure to foreign currency risk at the date of the statement of financial position was as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
United States dollar (USD) - Liquid assets	546	617
- Financial investments	1,071	1,110
Canadian dollar (CDN) - Liquid assets	28	14
Pounds sterling (GBP) - Liquid assets	8	4

Sensitivity analysis

Exchange rates in terms of the Jamaica dollar which is the Co-operative's principal intervening currency were as follows:

	<u>USD</u>	<u>CDN</u>	<u>GBP</u>
December 31, 2018	126.68	88.75	161.10
December 31, 2017	125.30	96.30	166.19

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32. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk (continued)

Sensitivity analysis (continued)

The strengthening or weakening of the Jamaican dollar by the extent shown against each currency would have increased/reduced income and equity by amounts shown below.

Currency	2018		2017	
	Strengthening/ (Weakening) %	Effect on surplus and equity	Strengthening/ (Weakening) %	Effect on surplus and equity
USD	2 (4)	(4,096) 8,194	2 (4)	(4,328) 8,656
CDN	2 (4)	(49) 99	2 (4)	(8) 15
GBP	2 (4)	(26) 53	2 (4)	(13) 26

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2017.

(ii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-earning liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed principally through monitoring interest rate gaps and by setting pre-approved gap ratios. The Asset and Liability Management Committee has oversight responsibility for the management and monitoring of interest rate risk and reports frequently to the Board of Directors on its strategies and position.

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Notes to the Financial Statements (Continued)
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32. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

The following table summarises the exposure to interest rate risk. They include the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2018					Non- interest bearing	Total carrying amount
	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years			
Assets							
Loans to members	7,681	10,656,744	-	-	-	-	10,664,425
Liquid assets	1,021,484	1,037,375	164,614	-	-	-	2,223,473
Financial investments	608,297	203,000	125,337	224,288	457,699		1,618,621
Non-earning liquid assets	-	-	-	-	139,661		139,661
Other assets	-	-	-	-	95,643		95,643
Total financial assets	<u>1,637,462</u>	<u>11,897,119</u>	<u>289,951</u>	<u>224,288</u>	<u>693,003</u>		<u>14,741,823</u>
Liabilities							
Voluntary shares	3,330,730	-	-	-	-		3,330,730
Deferred shares	-	864,301	-	-	-		864,301
Saving deposits	1,778,680	7,450,316	-	-	-		9,228,996
Due to other institutions	-	-	47,894	-	-		47,894
External credit	-	-	150,953	-	-		150,953
Other liabilities	-	-	-	-	597,196		597,196
Total financial liabilities	<u>5,109,410</u>	<u>8,314,617</u>	<u>198,847</u>	<u>-</u>	<u>597,196</u>		<u>14,220,070</u>
Total interest rate sensitivity gap	<u>(3,471,948)</u>	<u>3,582,502</u>	<u>91,104</u>	<u>224,288</u>	<u>95,807</u>		<u>521,753</u>
Cumulative interest rate sensitivity gap	<u>(3,471,948)</u>	<u>110,554</u>	<u>201,658</u>	<u>425,946</u>	<u>521,753</u>		<u>-</u>



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32. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

	2017					
	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total carrying amount
Assets						
Loans to members	45,967	8,495,841	-	-	-	8,541,808
Liquid assets	494,533	509,528	-	-	-	1,004,061
Financial investments	357,923	-	40,000	246,726	311,894	956,543
Non-earning liquid assets	-	-	-	-	138,752	138,752
Other assets	-	-	-	-	99,157	99,157
Total financial assets	898,423	9,005,369	40,000	246,726	549,803	10,740,321
Liabilities						
Voluntary shares	2,901,834	-	-	-	-	2,901,834
Deferred shares	-	302,082	-	-	-	302,082
Saving deposits	2,161,113	4,284,133	-	-	-	6,445,246
Due to other institutions	-	-	43,104	-	-	43,104
External credit	-	-	19,221	-	-	19,221
Other liabilities	-	-	-	-	346,783	346,783
Total financial liabilities	5,062,947	4,586,215	62,325	-	346,783	10,058,270
Total interest rate sensitivity gap	(4,164,524)	4,419,154	(22,325)	246,726	203,020	682,051
Cumulative interest rate sensitivity gap	(4,164,524)	254,630	232,305	479,031	682,051	-

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32. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

The sensitivity of the net surplus is the effect of the assumed changes in interest rates on net income based on the floating rate financial assets and financial liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables have to be on an individual basis. It should be noted that movements in these variables are non-linear.

The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Effect on net surplus 2018 \$'000	Effect on net surplus 2017 \$'000
Change in basis points:		
100 bp decrease (2017: 100 bp decrease)	1,780	3,506
100 bp increase (2017: 100 bp increase)	(1,780)	(3,506)

(iii) Equity price risk

Equity price risk arises from available-for-sale equity securities held by the Co-operative as part of its investment portfolio. Management monitors mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Co-operative's investment strategy is to maximise return on investment while minimising risks.

The Co-operative's equity portfolio is listed on the Jamaica Stock Exchange. A 10% (2017: 15%) increase or decrease in quoted bid prices at the date of the statement of financial position would result in an increase and an equal decrease in equity of \$4,507 (2017: \$5,198).

(d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Co-operative's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Co-operative's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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Notes to the Financial Statements (Continued)
December 31, 2018

32. Financial risk management (continued)

(d) Operational risk (continued):

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to senior management. This responsibility is supported by overall standards of the Co-operative for the management of operational risk in the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

(e) Capital management:

Compliance with the Co-operative's policies is supported by a programme of periodic reviews undertaken by an Internal Audit unit and the Co-operative's regulatory body. The results of Internal Audit and other reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, senior management and the Board of Directors.

The Co-operative's objectives when managing institutional capital, which is a broader concept than the "equity" on the face of statement of financial position are:

- (i) To comply with the capital requirements set by the JCCUL and the Bank of Jamaica for the financial sector in which the Co-operative operates;
- (ii) To safeguard the Co-operative's ability to continue as a going concern so that it can continue to provide returns and benefits for members;
- (iii) To maintain a 8% ratio of institutional capital to total assets; and
- (iv) To maintain a strong capital base to support the development of its business through the allocation of at least 20% of surplus to institutional capital.

Capital adequacy and the use of regulatory capital are monitored by management, based on the guidelines in its Capital Asset Management Policy. The JCCUL currently requires member co-operatives to maintain a minimum level of institutional capital at 8% of total assets. At the reporting date, this ratio was 11.49% (2017: 12.54%) which is in compliance with the requirements.

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Notes to the Financial Statements (Continued)
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32. Financial risk management (continued)

(e) Capital management (continued):

The proposed Bank of Jamaica regulations require JCCUL to ensure that member co-operatives:

- (i) Hold a minimum level of the regulatory capital of 6% of total assets; and
- (ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

Regulatory capital includes deferred shares as discussed in note 14.

During the year, the Co-operative complied with all externally imposed capital requirements to which it is subject.

The composition of regulatory capital and the ratios of the Co-operative as at the reporting date is as follows:

	2018		2017	
	<u>Actual</u> \$'000	<u>Required</u> \$'000	<u>Actual</u> \$'000	<u>Required</u> \$'000
Total regulatory capital (including deferred shares)	2,569,667	1,278,595	1,325,548	922,873
Total capital ratio	16.04%	8%	11.49%	8%

In determining the Co-operative's capital base (institutional capital), the institutional capital of the acquired credit unions as at the date of each merger are included. Westmoreland Co-operative Credit Union Limited (WCCUL), ICD Co-operative Credit Union Limited (ICDCCUL) and National Water Commission Credit Union Limited (NWCCUL), Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GECCUL) and St. Elizabeth Co-operative Credit Union Limited (STECCUL) all merged with Community & Workers of Jamaica Co-operative Credit Union Limited. As at the date of each merger, the institutional capital of the acquired entities included the following reserves:

	<u>D&GECCUL</u> \$'000	<u>STECCUL</u> \$'000	<u>WCCUL</u> \$'000	<u>ICDCCUL</u> \$'000	<u>NWCCUL</u> \$'000
Statutory reserve	73,162	134,993	56,577	19,395	87,636
General reserve	-	-	21,971	10,952	289
Retained earnings reserve	-	-	59,765	-	71,924
	<u>73,162</u>	<u>134,993</u>	<u>138,313</u>	<u>30,347</u>	<u>159,849</u>

Date of merger

Westmoreland Co-operative Credit Union Limited (WCCUL)	September 1, 2013
ICD Co-operative Credit Union Limited (ICDCCUL)	June 1, 2015
National Water Commission Credit Union Limited (NWCCUL)	October 1, 2016
Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GECCUL)	May 1, 2018
St. Elizabeth Co-operative Credit Union Limited (STECCUL)	September 1, 2018

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Notes to the Financial Statements (Continued)
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32. Financial risk management (continued)

(f) Fair value of financial instruments:

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Many of the Co-operative's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and the values may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments. In addition, the calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

The fair values of liquid assets, cash and bank balances, other assets and other liabilities are assumed to approximate their carrying values, due to their short-term nature.

The fair value of financial investments is based on quoted market bid prices, when available. Where quoted market bid prices are not available, other valuation techniques are used.

Amounts due to other institutions, members' voluntary shares, deferred shares, members' deposits and loans to members are carried at amortised cost, which is deemed to approximate their fair values, as these balances attract rates and terms comparable to market rates and terms for similar transactions.

The fair value of shares held in Jamaica Co-operative Credit Union League and other related entities are determined using the net asset valuation method. There is no available market for these instruments. The Co-operative has no intention to dispose of these investments.

Financial instruments that are measured at fair value at the reporting date are grouped into the Levels 1, 2 and 3 fair value hierarchy based on the degree to which the fair value is observable as follows:

- (i) Level 1: Fair values are quoted prices (unadjusted) in active markets for identical instruments;
- (ii) Level 2: Fair value measurements are those derived from valuation techniques based on inputs other than quoted market prices included within Level 1, that are observable for the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Fair value measurements are those derived from valuation techniques using significant inputs for the instrument that are not based on observable market data (unobservable inputs).

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Notes to the Financial Statements (Continued)
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32. Financial risk management (continued)

(f) Fair value of financial instruments (continued):

(i) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, their classification and their levels in the fair value hierarchy. There were no transfer between levels during the year. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amounts is a reasonable approximate of fair values.

		2018						
		Carrying amount				Fair value		
		Amortised	FVOCI	FVTPL	Total	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at fair value:								
Financial investments		-	210,223	404,044	614,267	87,740	386,462	140,065
Earning liquid assets		-	-	102,067	102,067	-	102,067	-
		-	210,223	506,111	716,334	87,740	488,529	140,065
Financial assets not measured at fair value:								
Financial investments		1,016,831	-	-	1,016,831	-	1,069,754	-

		2017				
		Carrying amount			Fair value	
		Held-to-maturity	Available-for-sale	Total	Level 1	Level 2
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at fair value:						
Available-for-sale investments		-	34,721	34,721	34,653	3,249
Financial assets not measured at fair value:						
Financial investments		797,215	-	797,215	-	832,293

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

December 31, 2018

32. Financial risk management (continued)

(f) Fair value of financial instruments (continued):

(ii) Valuation techniques

The valuation techniques used in measuring fair value in the Level 2 and level 3 hierarchy are detailed below. There were no significant unobservable inputs used.

<u>Financial assets</u>	<u>Method</u>
Government of Jamaica benchmark investment notes	<ul style="list-style-type: none"> Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids) Using this yield, determine price using accepted formula Apply price to estimate fair value.
Government of Jamaica Euro Global bonds	<ul style="list-style-type: none"> Apply prices of bonds at reporting date as quoted by broker/dealer.
Units in unit trusts	<ul style="list-style-type: none"> Obtain prices quoted by unit trust managers. Apply price to estimate fair value.
Corporate bonds	<ul style="list-style-type: none"> Considered to be carrying value as the coupon rates approximate the market rates.
Unquoted equities	<ul style="list-style-type: none"> Net asset valuation methods

33. Business combinations

- (a) The Community & Workers of Jamaica Co-operative Credit Union Ltd (C&WJCCUL), by way of special resolutions passed on April 28, 2018, and in accordance with the provisions of section 53 of the Co-operative Societies Act, accepted the transfer of engagement passed by special resolution on April 19, 2018 by the Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GCCUL), effective May 1, 2018. Desnoes and Geddes Employees Co-operative Credit Union Limited (D&GCCUL), therefore ceased to exist as of April 30, 2018.

In accordance with IFRS 3, *Business Combinations*, the merger is accounted for as a business combination using the acquisition method. As no consideration was transferred, C&WJCCUL and (D&GCCUL), exchanged only equity interest, goodwill is determined using the acquisition date fair value of the C&WJCCUL's interest in D&GCCUL in place of the acquisition-date fair value of the consideration transferred.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

33. Business combinations (continued)

(a) (continued)

The goodwill arising on the acquisition amounted to \$0.839M. The difference between the fair value of the net assets acquired and the deemed value for the shares issued was credited to the business combination reserve in institutional capital.

Acquisition costs of \$0.4M have been charged to operating expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

The revenue included in the statement of profit or loss and other comprehensive income since May 1, 2018 was \$31.4M and surplus for the same period totalled \$19.3. Had the business combination occurred from January 1, 2018, the statement of profit or loss and other comprehensive income would show revenue of \$46.5M and profit of \$12.3M for the year ended December 31, 2018.

Details of net assets acquired and net cash outlay on acquisition are as follows:

	Fair value \$'000
Net assets arising on the acquisition:	
Liquid assets – earning assets	74,097
Intangible assets	10,822
Financial investments	23,542
Loans to members after provision for impairment	249,061
Cash in hand and at bank	13,673
Other assets	6,470
Property, plant and equipment	1,051
Saving deposits	(39,034)
Voluntary shares	(204,611)
Other liabilities	(46,039)
Net assets acquired	89,032
Goodwill acquired	839
Deemed value of consideration	89,871
Permanent shares issued	2,193
Business combination reserve	87,678
	89,871
Cash reserves acquired on acquisition:	
Liquid earning assets	74,097
Cash in hand and at bank	13,673
Cash and cash equivalents included in the statement of cash flows	87,770

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
December 31, 2018

33. Business combinations (continued)

- (b) The Community & Workers of Jamaica Co-operative Credit Union Ltd (C&WJCCUL), by way of special resolutions passed on August 18, 2018, and in accordance with the provisions of section 53 of the Co-operative Societies Act, accepted the transfer of engagement passed by special resolution on July 26, 2018 by the St. Elizabeth Co-operative Credit Union Limited (STECCUL), effective September 1, 2018. The St. Elizabeth Co-operative Credit Union Limited (STECCUL) therefore ceased to exist as of August 31, 2018.

In accordance with IFRS 3, *Business Combinations*, the merger is accounted for as a business combination using the acquisition method. As no consideration was transferred, C&WJCCUL and STECCUL exchanged only equity interest, goodwill is determined using the acquisition date fair value of the C&WJCCUL's interest in STECCUL in place of the acquisition date fair value of the consideration transferred.

The goodwill arising on the acquisition amounted to \$35.2M. The difference between the fair value of the net assets acquired and the deemed value for the shares issued was credited to the business combination reserve in institutional capital.

Acquisition costs of \$10M have been charged to operating expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

The revenue included in the statement of profit or loss and other comprehensive income since September 1, 2018 was \$108.5M and surplus for the same period totalled \$59.1M. Had the business combination occurred from January 1, 2018, the statement of profit or loss and other comprehensive income would show revenue of \$330.7M and profit of \$183.2M for the year ended December 31, 2018.

Details of net assets acquired and net cash outlay on acquisition are as follows:

Net assets arising on the acquisition:

	<u>Fair value</u> \$'000
Liquid assets – earning assets	501,896
Intangible assets	93,424
Financial investments	84,964
Loans to members after provision for impairment	1,712,055
Cash in hand and at bank	3,260
Other assets	105,586
Property, plant and equipment	118,669
Due to other institutions	(27,866)
Saving deposits	(2,074,691)
Voluntary shares	(100,321)
Other liabilities	(236,064)
Net assets acquired	180,912
Goodwill acquired	35,200
Deemed value of consideration	216,112
Permanent shares issued	68,111
Business combination reserve	148,001
	<u>216,112</u>

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

December 31, 2018

33. Business combinations (continued)

(b) (Continued)

	\$'000
Cash reserves acquired on acquisition:	
Liquid earning assets	501,896
Cash in hand and at bank	<u>3,260</u>
Cash and cash equivalents included in the statement of cash flows	<u>505,156</u>

34. Litigation and contingent liabilities

The Co-operative is subject to various claims, disputes and legal proceedings in the normal course of business. Provision is made in the financial statements when, in the opinion of management and its legal counsel, it is more likely than not that the Co-operative will be found liable and the amount can be reasonably estimated. In respect of claims asserted the Co-operative for which no provision has been made, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Co-operative that is immaterial to both its financial position and financial performance.

35. Capital commitment

As at December 31, 2018, the Co-operative entered into contracts for capital expenditure in the amounts of \$82,897,337 in respect of which deposits amounting to \$4,615,618 have been made.

36. Lease commitment

Unexpired lease commitments on operating leases at year-end are payable as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Due within one year	4,242	685
Exceeding one year	<u>11,498</u>	<u>10,488</u>
	<u>15,740</u>	<u>11,173</u>



Report of the Credit Committee for the year ending December 31, 2018

The year ended December 31, 2018 was a challenging but exciting year for the Credit Union. Despite increased competition, the Credit Union rose to the occasion in meeting its objectives for the year. This speaks to the remarkable effort of the Board of Directors, Management, Staff and Committees which served during the period.

Members of the Committee serving you at the start of the year were:

■ Mrs. Judith Cawley	<i>Chairperson</i>
■ Mrs. June Matthews	<i>Secretary</i>
■ Mrs. Norma Warburton-Thomas	<i>Member</i>
■ Miss Natalie Stanford	<i>Member</i>

At our AGM held on April 28, 2018 Miss Natalie Stanford and Mrs. Norma Warburton-Thomas were elected to serve for two years. Mrs. Judith Cawley and Mrs. June Matthews would each serve another year. On May 1, 2018 the D&G Employees Co-operative Union merged with C&WJ Co-operative Credit Union Limited, at this point Mr. Clifton Atkinson joined the Credit Committee. Again in September 1, 2018, the St. Elizabeth Co-operative Credit Union Limited merged with the C&WJ Co-operative Credit Union Limited and two members, Mr. Charles Hanson and Mr. Trevor Cameron joined the Credit Committee.

The Credit Committee at its first re-organizational meeting appointed Mrs. Judith Cawley and Mrs. June Matthews as Chairperson and Secretary respectively. The committee also agreed to continue to have meetings on Wednesdays at 5:30 pm.

Loans approved by the Credit Union

During the year the Credit Union approved and disbursed 17,119 loans and advances, a reduction of 2,778 or 13.96% below the previous year. The total value of loans disbursed

during the period was \$4.198 billion coming from \$4.743 billion in 2017, a decrease of 11.49%. The Credit Union's strategy in 2017 was to achieve an expansion of the loan portfolio, while in 2018 the strategy was more of a maintenance approach. The most popular category of loans approved was the Cash Secured Loans with 9,225 loans disbursed for the period, with a value of \$846.97 million. The Unsecured loans were next with 6,669 loans approved valued at \$1.513 billion. The Motor Vehicle loans accounted for the second largest disbursed value behind the Unsecured Loans, with 633 loans disbursed with a value of \$1.220 billion. There were 34 Mortgage Loans disbursed with a value of \$117.22 million.

Credit Committee Oversight responsibility

The Credit Committee continues to exercise oversight responsibility for loans approved by the Loans Committee, Branch Managers and Loans Officers. In carrying out this role, the Credit Committee reviewed a total of 411 randomly selected loans with a value of approximately \$427 million. The objectives of the reviews were to ensure:

- Compliance with Credit Union's policies;
- Completeness of documentation;
- Appropriate level of Risk and Security;
- Approval limits were maintained.

The reviews indicated that all internal systems of control were in place and there was adherence to established policies and procedures. All concerns were effectively addressed by the Credit Union's management and all the loans met the stated objectives. The Credit Committee is satisfied that the Loans Committee, Management and Loans Officers continue to perform effectively.

Loans Approved by the Credit Committee

The Credit Committee approves loans which exceed the



Judith Cawley
(Chairperson)

June Matthews
(Secretary)

Clifton Atkinson
(Member)

Natalie Stanford
(Member)

Trevor Cameron
(Member)

Norma Warburton
(Member)

Charles Hanson
(Member)



Report of the Credit Committee - Continued

authority of the Loans Committee, and loans referred by the Loans Committee for special attention. A total of Twenty Two (22) such loans valuing approximately \$133 million were referred to the Committee. Twenty-One (21) of these loans were approved by the Credit Committee. One (1) was declined because of the lack of affordability.

Attendance Analysis for 2018

The Credit Committee held 46 meetings for 2018 and the attendance of the members are shown below:

MEMBERS	ATTENDANCE			
	Possible	Actual	Absent	Excused
Judith Cawley	46	42	4	4
June Matthews	46	40	6	6
Norma Warburton	46	43	3	3
Natalie Standford	46	42	4	4
Clifton Atkinson	30	23	7	7

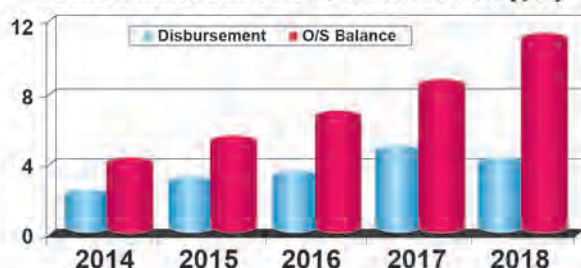
Loan Portfolio

At year-end the Credit Union's loan portfolio consisted of 21,658 loan contracts of which the St. Elizabeth portfolio contributed 5,454 loans. The total loan balance outstanding moved from \$8.54 billion in 2017 to \$10.66 billion at the end of 2018 representing an increase of 24.82%. Of this increase, \$1.713 billion came from the merger with St. Elizabeth Co-op Credit Union.

The Unsecured Loans accounted for 6,679 of the 21,658 loans in the portfolio (30.84%), with a dollar value of \$1.761 billion representing 16.18% of the portfolio balance as at December 31, 2018. The St. Elizabeth Division contributed 5,454 loans at a value of \$1.713 representing 15.74%. Another popular category for the year 2018 was the Cash Secured Loans. At year-end, the portfolio consisted of 4,739 of these loans with a dollar value of \$1.336 billion representing 12.27% of the portfolio balance. The Motor Vehicle loans accounted for the largest share of the portfolio value accounting for 39.50% with balance outstanding of \$4.30 billion. The Mortgage Loan Portfolio moved from \$669 million in 2017 to \$717 million at December 31, 2018, an increase of 7.17%.

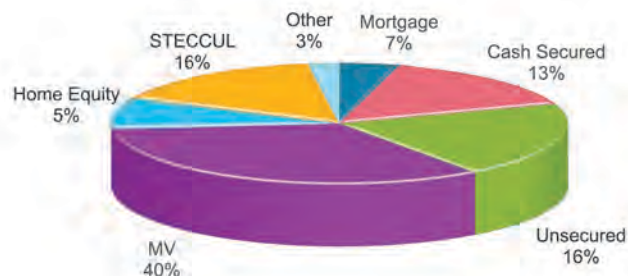
The chart below shows the value of loans disbursed and the outstanding balance of the Credit Union's loan portfolio over the last 5 years.

Loan Disbursements/Balance o/s (\$B)

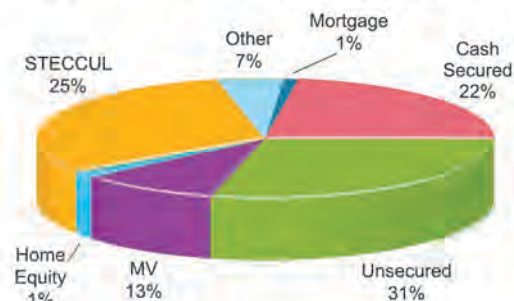


The charts below show the composition of the loan portfolio by the main loan types in terms of dollar value, and also in terms of the number of loans outstanding at the year end.

Loan Balance Classified by \$'value



Loan Balance Classified by # of Loans



Credit Committee Activities

Members of the committee also participated in the following activities during the year under review:

- Training under the Proceeds of Crime Act (POCA) and Counter Terrorism.
- Training in Corporate Governance.
- The Chairperson of the Committee, Mrs. Judith Cawley attended the retreat of the Board of Directors in December 2018.

Conclusion

The Credit Committee wishes to express appreciation to:-

- The membership for the confidence displayed in electing us to serve;
- The Board of Directors for their recommendations and support when needed;
- The C.E.O and his staff for the co-operation and assistance given to us.



Report of the Credit Committee - Continued

- d) A special thanks to the Credit Department for their invaluable assistance at our weekly meetings.
- e) To all the liaison persons for their unending support and to the other committees for their invaluable assistance.

On behalf of the members of this Committee I take this opportunity to say it was a pleasure to have served you.

As Secretary I wish to express sincere thanks to the hard-working members of the committee for their continued commitment and dedication for the past year.

Co-operatively Yours,

June Matthews
Secretary



Report of the Supervisory Committee for the year ended December 31, 2018



Darren Brown
(Chairman)

Hortense Hylton
(Secretary)

Rohan Saunders
(Member)

Wembley McGowan
(Member)

Dionne Mason-Gordon
(Member)

Daniel Scott
(Member)



Carla Davy
(Member)

Richard Meggo
(Member)

Paul Bernard
(Member)

Judy-Ann Reid
(Member)

Kevron Caine
(Member)

George Morris
(Member)

Chairperson's Remarks

The supervisory Committee takes pleasure in welcoming one and all to the 55th Annual General Meeting of the C&WJ Co-operative Credit Union. Special thanks to the Board of Directors, Committees, Management and staff of the Credit Union for their cooperation and unwavering support over the year.

According to The Co-operative Societies Regulations, 1950, Section 40 (3) (c), the supervisory committee is elected by the members of the Credit Union at the Annual General Meeting for the purposes of Audit and Supervision with primary responsibility to give assurance that internal operating

controls are established and effectively maintained. Additionally, that the Board of Directors' plans, policies, and procedures are being properly administered by management.

In the execution of our responsibilities, the Committee was ably supported by the Internal Audit Manager and her dynamic team. Without their support, commitment, and hard work; gaining the relevant assurance that management practices and procedures adequately safeguard members' assets would not have been realized. The Internal Audit Department operated by a mandate that allows for the examination of the Credit Union affairs. The Committee authorizes and ratifies

Report of the Supervisory Committee - Continued

audit investigations, and conducts other activities to strengthen the governance processes of the Credit Union. As the watchdog of the Credit Union, the Committee works assiduously to ensure that the operations of the organization are aligned with its Mission and Vision as well as adhere to its governing policies and rules.

Throughout the year, the Board of Directors, Management and Staff of the Credit Union continued to offer their invaluable support, for which we are extremely grateful.

The committee members, who were duly elected at the 54th Annual General Meeting, held on the 28th day of April, 2018, and who joined us through the mergers, served in the following capacities:

■ Darren Brown	<i>Chairperson</i>
■ Hortense Hylton	<i>Secretary</i>
■ Rohan Saunders	<i>Member</i>
■ Wembley McGowan	<i>Member</i>
■ Dionne Mason-Gordon	<i>Member</i>
■ Daniel Scott	<i>Member</i>
■ Carla Davy	<i>Member</i>
■ Judy-Ann Reid	<i>Member</i>
■ Richard Meggo	<i>Member</i>
■ Kevron Caine	<i>Member</i>
■ George Morris	<i>Member</i>
■ Paul Bernard	<i>Member</i>

Effective May 1, 2018 by virtue of the Merger of D&G Co-operative Credit Union with C&WJ Co-operative Credit Union; Kevron Caine was selected to serve for a term of one year.

Effective September 1, 2018 the following volunteers George Morris and Paul Bernard, were duly selected to serve on the Supervisory Committee for a term of one year by virtue of the Merger Agreement between St. Elizabeth Co-operative Credit Union with C&WJ Co-operative Credit Union.

Areas Reviewed

The Supervisory Committee provides an independent and objective approach to evaluate and improve the effectiveness of risk management and operations. In order to achieve this, the Committee along with the Internal Audit Manager directed a comprehensive 'risk based' audit plan which was ratified by the Board of Directors.

The internal audit reviews were conducted and performed in accordance with the Institute of Internal Audit (IIA) Standards. These standards require the auditor to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.

Accounts & Finance

- Investments and Interest Income
- Liquidity Management
- Capital Management
- Regulatory Compliance
- Bank Reconciliation
- Operating Expenses
- Financial Statement

Merger & Acquisition

- Merger - Due Diligence - (STECCUL)

Customer Service & Operations

- Loan Delinquency Write Offs
- Arrears Management/Loan Delinquency
- Cambio Operations
- Anti-Money Laundering & POCA Compliance
- Branch Reviews - 14 Branches
- Connected Party
- Cash Count
- Special Audits
- Security (Done At Branch Level)

At the request of Management, special reviews over the operations were conducted. Some of these been testing the veracity of members' complaints.

The Supervisory Committee is pleased to report that the reviews conducted by the Internal Audit Department disclosed the following:

The overall system of internal controls remains fair as most expected controls were in place and operating effectively. The audits uncovered no significant weaknesses, the minor weaknesses identified and the recommendations made were addressed by the management team.

Generally, controls evaluated was adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

There was general adherence to established policies, procedures and compliance with the requirements of laws and regulations that govern the Credit Union operations.



Report of the Supervisory Committee - Continued

Meeting Attendance Record

The table below summarizes the attendance record of the Supervisory Committee members.

Committee Member	Possible Meetings	Meetings Attended	Absent / Excused
Carla Davy	12	8	4
Daniel Scott	12	9	3
Rohan Saunders	12	11	1
Wembley McGowan	12	10	2
Hortense Hylton	12	10	2
Dionne Mason-Gordon	12	9	3
Judy-Ann Reid	12	7	5
Darren Brown	12	12	0
Mark Wallen	4	2	2
Richard Meggo	8	6	2
Kevron Caine	8	7	1
George Morris	3	3	0
Paul Bernard	3	3	0

Note:

Mr. Mark Wallen served as a volunteer on the Supervisory Committee for one year and retired at the last Annual General Meeting.

Conclusion

The members of the Supervisory Committee are proud to have been given the opportunity to serve this noble institution in this trusted capacity. As the C&WJ family celebrates our 55th AGM and our sterling contribution to Jamaica; let us pause to remember that our mission is to enhance the financial wellbeing of our members by providing superior financial services and innovative products in a friendly environment; through empowered and motivated employees.

Fellow Cooperators, it is your loyalty that gives C&WJ the impetus to remain a leader in the financial space, and gives this Committee the drive to work selflessly to ensure integrity and accountability at all levels. We are assured that the Board of Directors, Committees, Management and Staff have proven their adherence to the policies and rules. To this end they have demonstrated our vision is to be the financial service provider of choice for stakeholders in communities and industries in Jamaica and the Diaspora.

As Chairman, I would like to salute the members of this committee for placing service above self. Let us all continue, unswerving in our commitment to work together as a team. Thanks to you the members who have entrusted us with this important responsibility of being the stewards over your interest.

Signed,



Darren Brown
Chairman
Supervisory Committee



Report of the League Delegates to the 55th Annual General Meeting



Carlton Barclay



Pete Smith

Mr. Pete Smith, President and Mr. Carlton Barclay, CEO, were elected as delegates to the Jamaica Co-operative Credit Union League at the 54th Annual General meeting of the Society. Mr. Condell Stephenson and Miss Bobette Rigg were elected as alternate delegates.

Report on the League's 77th Annual General Meeting

The Jamaica Co-operative Credit Union League's 77th Annual General Meeting was held from May 17 – 20, 2018 at the Hilton Rose Hall Resort & Spa in Montego Bay. Approximately one hundred and forty (140) delegates, alternate delegates and observers attended the weekend Conference. The schedule of activities included a trade show, reception, workshops, banquet, the annual general meeting and an ecumenical service.

THURSDAY, May 17

- The Credit Union Managers' Association Annual General Meeting.
- "Workplace Wellness and the impact on productivity" presented by Mr. Donovan Gayle, CEO of DHL Jamaica.
- Edutainment Extraordinaire.

FRIDAY, May 18

- Official opening, The Honourable Bishop Conrod Peterkin, Custos of St. James
- The two workshops held on Friday afternoon were titled:
 - "Competing in the new IFRS9 Environment and Facing the Reality of a new Paradigm."
 - "Risk Here, Risk There, Risk Everywhere: Get in the Know: Manage your Risks." Presenters were Ms. Stephanie Williams, Mr. Robert Finzi Smith, Sgt. Kevin Watson.
- The annual awards dinner ended Friday's activities. Guest speaker at this event was Hon. Audley Shaw Minister of Industry, Commerce, Agriculture & Fisheries.

AWARDS

The following credit unions received Credit Union of the Year awards:

Mega (Assets > \$2 Billion)	
Winner	First Regional Co-Op
Runner Up	C&WJ Credit Union
Large (Assets > \$1 Billion - \$2 Billion)	
Winner	JDF Co-Op
Runner Up	Palisadoes Co-op
Medium (Assets > \$300 Million - \$1 Billion)	
Winner	Grace Co-op
Runner Up	Postal Credit Union
Small-Sized (< \$300M)	
Winner	BJ Staff Co-op
Runner Up	PWD Credit Union

ANNUAL GENERAL MEETING - SATURDAY, MAY 19, 2018

The 77th Annual General Meeting was held on May 19, 2018. Delegates from twenty-five (25) Credit Unions attended the meeting. President Mr. Winston Fletcher, chaired the meeting. All aspects of JCCUL's operations were presented and examined. The Treasurer's Report was also presented.

Distribution of Surplus

There was no surplus for distribution and the Treasurer explained this to the participants. Delegates voted for the maximum liability of the League to be set at \$5billion.

ELECTION OF OFFICERS

The following persons were elected to JCCUL's Board:

- Mr. Norris Gilbert - PWD Credit Union
- Mr. Anthony Young - Palisadoes Credit Union
- Mr. Clide Nesbeth - EduCom Credit Union
- Mr. O'Neil Grant - FHC Credit Union
- Mr. Lambert Johnson - Gateway Credit Union
- Mr. Ryan Muir - Lascelles Credit Union

For the Supervisory Committee the following persons were elected:

- Mrs. Tamara Baugh-Brissett - EduCom
- Mr. Michael Sutherland - C&WJ Credit Union
- Mrs. Ivy Lawrence - Lascelles Credit Union
- Ms. Nicola Reid - Palisadoes Credit Union
- Mr. Delroy James - First Heritage Credit Union

RESOLUTIONS

Condolence and congratulatory resolutions include:

RESOLUTIONS

Seven congratulatory resolutions were passed at the meeting as follows:

- Palisadoes Credit Union - 65 years
- PWD Credit Union - 70 years



Report of the League Delegates, Continued

- Public Sector Employees - 60 years
- Trelawny Credit Union - 50 years
- Correctional Services - 60 years
- First Heritage - 5 Years
- Lascelles Credit Union - 50 years

RULE CHANGES

There were no rule changes.

The 2018-2019 JCCUL Board:

- Winston Fletcher - President
- Clide Nesbeth - 1st Vice President
- Lambert Johnson - 2nd Vice President
- Andrea Messam - Treasurer
- Jerry Hamilton - Assistant Treasurer
- Norris Gilbert - Secretary
- Patrick Smith
- Martin Blackwood
- O'Neil Grant
- Anthony Young
- Michael Anglin
- Carol Anglin
- Brenda Cuthbert

- Pete Smith
- Ryan Muir

Financial Status of the Movement at Dec 2018

At December 2018 the number of credit unions in Jamaica contracted to 26 following two mergers during the year. The movement continued to perform creditably in relation to a number of its key result areas with assets growing by 9% to close the year at \$113.14B; savings growing by 9% to \$87.95B; and loans by 10% to \$80B. Profitability recorded a decline in the ratio of net surplus to average assets. This ratio declined from 1.86% to 1.68%.

The delegates are pleased to have been afforded the privilege of representing the credit union at the level of the League.

Signed:



Carlton Barclay
Delegate to the League



Pete Smith
Delegate to the League



Report of the Nominating Committee to the 55th Annual General Meeting

The Nominating Committee was appointed by the Board of Directors at its meeting on the 23rd of March, 2019, in keeping with Rule 71 and comprised of the persons named below::

- Mr. Austin Brown - Chairperson
- Mr. Shauniel James
- Mr. Andrew Williams

The Committee wishes to express its gratitude on behalf of the Board and members, to all the volunteers who served us in the past and to specially welcome the volunteers who will be serving for the first time.

In undertaking its work, the Committee was guided by the following:

- The Credit Union has in place term limits for volunteers. The effect of the term limit is that:- No Director, member of the Credit or Supervisory Committees shall be allowed to serve for more than three (3) consecutive terms, however, such member will be eligible to serve once he/she sits out a period of one (1) year or one (1) AGM without serving on any electable committee.
- Rule 36 which states that "At the first Annual General Meeting a bare majority of the members constituting the Board of Directors shall be elected for a term of two (2) years and the others for a term of one (1) year. Whenever the number of the members of the Board of Directors is increased, one-half of such additional members shall be elected for two (2) years and one-half for one (1) year. Thereafter the term of office for members shall be two (2) years."

■ MERGER

Effective September 1, 2018, the Credit Union merged with St. Elizabeth Co-operative Credit Union Limited (STECCUL). The merger agreement included the provisions outlined below:-

- Two (2) members of that Credit Union appointed by its Board would be elected to serve on the Board of Directors for a period of one (1) year; and two (2) years respectively; and
- Two (2) members of that Credit Union would be elected to serve on the Supervisory Committee of C&WJCCUL for one, one (1) year term, and two, one (1) year terms, respectively ; and
- Two (2) members of that Credit Union would be elected to serve on the Credit Committee for a period of one (1) year, and two (2) years respectively.

1. Board of Directors

The nominating committee is recommending that the number of Board Members remain at thirteen (13) for the year 2019/2020.

The current status of the members of the Board is as follows:

■ Members retiring at this 2019 Annual General Meeting

- Condell Stephenson
- Michael Dunn
- Paulette Howell
- Pauline Thompson
- Pete Smith*
- Ashlyn Malcolm

*Mr. Pete Smith is not eligible for re-election, having served his maximum tenure based on the term limits provisions in our Rules.

■ Members retiring at the Annual General Meeting in 2020

- Austin Brown
- Bobette Rigg
- Terrie-Ann Bennett
- Peter Scott

Nominations

In keeping with the foregoing, the Committee nominates: Condell Stephenson, Ashlyn Malcolm, Paulette Howell, Pauline Thompson, Michael Dunn, Winston Green, Bornette Donaldson and Christopher Buckmaster to fill the eight (8) vacancies on the Board of Directors.

The Committee recommends that the Directors be elected to serve for the term adjacent to their names:

- | | |
|--------------------------|---------|
| ■ Condell Stephenson | 2 years |
| ■ Ashlyn Malcolm | 2 years |
| ■ Paulette Howell | 2 years |
| ■ Pauline Thompson | 2 years |
| ■ Michael Dunn | 2 years |
| ■ Winston Green | 2 years |
| ■ Bornette Donaldson | 2 years |
| ■ Christopher Buckmaster | 1 year |

2. Credit Committee

The current status of the Credit Committee members is as follows:

■ Members retiring at this Annual General Meeting 2019:

- Judith Cawley*
- June Matthews*
- Clifton Atkinson
- Charles Hanson

*Mrs. Judith Cawley and Mrs. June Matthews are not eligible for re-election, having served the maximum tenure based on the term limits provisions in our Rules.



Report of the Nominating Committee, Continued

■ **Members retiring at the Annual General Meeting in 2020:**

- Natalie Stanford
- Norma Warburton-Thomas
- Trevor Cameron

As per the Merger Agreement with STECCUL, one member was appointed to serve on the committee for a period of one (1) year (2018-2019); while one member was appointed for a period of two (2) years (2018-2019 and 2019-2020).

Nominations

The Committee nominates; Clifton Atkinson and Charles Hanson to fill the two (2) vacancies on the Credit Committee.

The Committee recommends that the members be elected to serve for the term adjacent to their names:

- | | |
|--------------------|---------|
| ■ Clifton Atkinson | 2 years |
| ■ Charles Hanson | 2 years |

3. Supervisory Committee

The members of the Supervisory Committee all of whom will retire at this meeting are:

- | | |
|-----------------------|---------------------|
| ■ Darren Brown | ■ Hortense Hylton |
| ■ Judy-Ann Reid | ■ Wembley McGowan |
| ■ Carla Davy | ■ Dr. Richard Meggo |
| ■ Rohan Saunders | ■ Kevron Caine |
| ■ Daniel Scott | ■ Paul Bernard |
| ■ Dionne Mason-Gordon | ■ George Morris |

As per the Merger Agreement with STECCUL, one member was appointed to serve on the committee for a period of one (1) year (2018-2019); while one member was appointed for a period of two (2) years (2018-2019 and 2019-2020).

Nominations

The Committee nominates the members named below to fill the seven (7) vacancies on the Supervisory Committee for a term of one (1) year.

- Darren Brown
- Daniel Scott
- Dionne Mason-Gordon
- Dr. Richard Meggo
- Paul Bernard
- Kevron Caine
- George Morris

4. Delegates to the Jamaica Co-operative Credit Union League

The retiring members are:

- Pete Smith
- Carlton Barclay

Nominations

The Committee nominates the following members for the term of one (1) year:

- President Elect
- Carlton Barclay

5. Delegates to JCIA (formerly NUC-CIS)

The retiring members are:

- Carlton Barclay
- Bobette Rigg

Nominations

The Committee nominates the following members for the term of one (1) year:

- The Treasurer-Elect
- Carlton Barclay

6. Delegates to QNET

The retiring delegates are:

- Pete Smith
- Carlton Barclay

Nominations

The Committee nominates the following members for the term of one (1) year:

- Carlton Barclay
- President Elect

PROFILES OF CANDIDATES

BOARD OF DIRECTORS

CONDELL GODFREY STEPHENSON

Mr. Stephenson is currently Port Captain in Kingston for Hoegh Autoliners. He was formerly Human Resource Development Manager of APM Terminals (Jamaica) Ltd and KCT Services Ltd. Mr. Stephenson holds a Bachelor of Science Degree with Honours in Maritime Studies and a certificate in Business Studies. Mr. Stephenson is the Chairman of the Joint Industrial Council of the Shipping Industry, Chairman of the Board of Trustees of the Shipping Association of Jamaica Staff Pension Scheme, Trustee of the KCT Staff Pension Scheme, Director - International Shipping Ltd and Directory - Gateway Shipping International Ltd. He is currently serving as First Vice President and Director on the Board of the C&WJCCUL and has been a volunteer in the Credit Union movement for a number of years.

ASHLYN MALCOLM

Mrs. Malcolm is employed to the Petroleum Corporation of Jamaica and has been the Group Internal Auditor since 2003.



Report of the Nominating Committee, Continued

She has over 20 years of experience in the field of Internal and External Auditing and Accounting. She has worked at Facey Commodity Limited, ICD/Mechala Group Jamaica Limited and PriceWaterhouseCoopers. Mrs. Malcolm holds a Bachelor of Arts Degree from the University of the West Indies and professional certifications in Accounting and Compliance and Ethics. She is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Member of the Institute of Internal Auditors (IIA) and the Society of Corporate Compliance and Ethics (SCCE). She is currently a Director of the C&WJCCUL's and served on the Supervisory Committee in 2015. She was a Director of the former ICD&ACCU.

PAULETTE HOWELL

Ms. Howell served as President and Director on the Board of the former CCCU and is currently serving on the C&WJCCUL board as Second Vice President. She has extensive industry work experience in various roles but is now employed to Liquid Eggs Ltd/Jamaica Egg Farmers Association as a Manager since 2007. She previously worked as Administrative Manager/Human Resource at Red River Ltd. She has been involved in the Denbigh Show for decades and has been a part of the 4-H Clubs. Ms. Howell holds a Secretarial Diploma with Certified Professional Secretary rating and has continued education through Workshops, Seminars and Conferences.

PAULINE THOMPSON

Mrs. Thompson is an independent Information Technology Business Consultant with the firm Calvert Gordon Associates. She previously worked with Deloitte Touche Tohmatsu as an IT Consultant and Asst. Manager, IT Services. She has a long career in the management of IT Support services, Systems Analysis and Programming. The holder of a Master's Degree in Accounting; a Bachelor's Degree with Honours in Management Studies and a Diploma in Business Administration, Mrs. Thompson has served in a number of social and professional capacities including President of the former ICD & Associates Co-operative Credit Union.

MICHAEL DUNN

Mr. Dunn is currently a serving Director on the C&WJCCUL Board. He is employed to the NWC as Vice President of Divisional Operations for the Eastern Region of the company and has served as a Director and President of the former NWCCUL. Mr. Dunn is a graduate of the UWI and holds a Bachelor of Science Degree in Public Administration and a Diploma in Management and Marketing. He also holds a Certificate in Project Management and is a Revenue Recovery Specialist.

WINSTON GREEN

Mr. Winston Green is a former Senior Manager of Pepsi-Cola Jamaica Bottling Company Limited and Desnoes and Geddes Limited. He worked in various leadership roles including Plant Manager, Production Manager, Product Availability

Manager and Purchasing Manager. Mr. Green currently serves as Managing Director of G&A Trucking Company Limited, Director of C&WJCCUL, Chairman of Fellowship Tabernacle Deacons Board and Chairman of the Board of Trustees of Pepsi-Cola Jamaica Contributory Pension Fund. He also served as the President of the D&G Employees Co-op Credit Union for over 3 years. Mr. Green holds a Certificate in Telecommunications from the University of Technology and a Master's in Business Administration from Barry University, Florida. He also holds the designation of Certified Purchasing Manager from the Institute of Supply Management (ISM).

BORNETTE DONALDSON

Mr. Donaldson is an Entrepreneur and Business Consultant with over 18 years' experience in the areas of Management Consulting, Strategic Planning, Financial Management, Sales and Project Management. He has held several positions including; Manager of the Cable & Wireless Jamaica Pension Plan, Finance & Decision Support Manager at Red Stripe Jamaica, Strategy Planning Manager, Project Manager and Business Development Officer at Jamaica Money Market Brokers Limited. He holds an MSc in Economics, an MBA specializing in Finance (Distinction), and a BSc in Economics (Honours) from the UWI. He also holds the Project Management Professional designation from the Project Management Institute (PMI). Mr. Donaldson has served on several boards and committees including; the Credit Committee of the C&WJCCUL, the Board of Trustees of the D&G Pension Plan, and as Chairman of the Investment Subcommittee of the D&G Pension Plan. He was President of the Guild of Students, UWI Mona, and currently serves the institution as an Adjunct Lecturer.

CHRISTOPHER BUCKMASTER - JAMALCO

Mr. Christopher Buckmaster has been employed by JAMALCO / General Alumina Jamaica L.L.C (formerly Alcoa Minerals of Jamaica L.L.C.) for the past twenty-five (25) years and is currently the Director of Human Resources, Security and Corporate Services. He has held varying positions in Electrical Engineering, Training and Development, Compensation Management, Industrial Relations and general Human Resources Management. He holds a MSc. in Computer-Based Management Information Systems from UWI - Mona and a BSc. in Electrical and Computer Engineering from UWI - St. Augustine. Mr. Buckmaster is the current Chairman of the Board of Trustees and Sponsor Trustee Alcoa Minerals of Jamaica LLC. (Salaried) Pension Plan.

CREDIT COMMITTEE

CLIFTON ATKINSON

Mr. Clifton Atkinson is employed to Pepsi Cola Jamaica for nineteen years in the capacity of Mechanical Technician. He was also employed to Desnoes and Geddes Ltd for eighteen years where worked in the capacity of Maintenance Supervisor. Mr. Atkinson studied at the Vocational Training Development

Report of the Nominating Committee, Continued

Institute, and the Portmore Community College. He has served in the capacity of Chairman of the Credit Committee of the Desnoes & Geddes Employees Co-operative Credit Union for a period of two years. Since the merger of C&WJCCUL and D&GECCUL, Mr. Atkinson has served on the C&WJCCUL Credit Committee for one year.

CHARLES HANSON

Mr. Charles Hanson is currently employed to Guardsman Limited in the capacity of Operations Manager since 1985. He holds a Bachelor of Science Degree in Business Administration from Northern Caribbean University; and other management and technical certifications. Mr. Hanson has also received training in the Jamaica Labour Laws, Proceeds of Crime Act Policy & Procedures; Strategic Security Planning; Security in the Bank Environment; International Ship and Port Facility Security Code (ISPS) and Advanced Security and Creative Problem Solving. Mr. Hanson serves on the School Board at Ebenezer Primary School and is also a member of the Lay Magistrate's Association of Jamaica serving as a Justice of the Peace (J.P.) since 2017.

SUPERVISORY COMMITTEE

DARREN BROWN - JAMALCO

Mr. Brown is an MBA and Finance Professional who has worked with Jamalco – General Alumina Jamaica as Financial Accounting Supervisor and Business Advisor. He holds a Master's in Business Administration Finance Concentration and a Bachelor of Arts Degree in Accounting, with an International Business Minor. Mr. Brown was a long standing member of the former Clarendon Co-operative Credit Union and has previously served on the CWJCCU Supervisory Committee.

PAUL BERNARD

Mr. Paul McCalvie Bernard is currently the Deputy Superintendent assigned to the Clarendon Division as the Acting Operations Officer. He has been employed to the Jamaica Constabulary Force for the past thirty three years. Mr. Bernard has served in several other capacities including: volunteer of the former St. Elizabeth Cooperative Credit Union, and now serves on the Supervisory Committee of the C&WJCCUL. He has earned the Lasco Top Cop Award for a number of years.

DANIEL SCOTT – FLOW JAMAICA

Mr. Scott is a long-standing Credit Union member and currently employed to FLOW as a Change and Problem Manager for Network and IT Risks since 2009. He holds a Bachelor of Science Degree in Computing with Management Studies and an Associate Degree in Electronic Engineering.

DIONNE MASON-GORDON – SHIPPING ASSOCIATION OF JAMAICA

Mrs. Gordon is employed by the Shipping Association of Jamaica as Operations Manager- Property and Administration. She has been a volunteer of the former Marine and Allied CU and has previously served on the Supervisory

Committee of the C&WJCCUL. Mrs Gordon is a graduate of the Heriot-Watt University of Scotland with a BA degree in Business and Finance and MA degree in Strategic Planning.

RICHARD MEGGO – NATIONAL WATER COMMISSION

Dr. Richard Meggo is a Civil and Environmental Engineer with 23 years of experience employed to the National Water Commission, where he currently holds the position of Operations Manager – Western Region. He holds a Ph.D. in Civil and Environmental Engineering from the University of Iowa and an M.Sc. in Environmental Engineering from the International Institute for Infrastructural, Hydraulic and Environmental Engineering, UNESCO-IHE (Delft, The Netherlands). Dr. Meggo served as a C&WJCCUL director for the period 2016-2018, and has since served on the Supervisory Committee for one year.

KEVRON CAINE

Mr. Kevron Caine has been employed to Pepsi Cola Jamaica since 2013 in the area of Operations Supervision. He has been a volunteer of the former D&G Employees Co-operative Credit Union, and now serves on the Supervisory Committee of the C&WJCCUL. Mr. Caine holds a Bachelor's Degree in Industrial Engineering (Honors), with a major in Engineering Management from the University of Technology (UTECH).

GEORGE MORRIS

Mr. Morris is a former President of the Appleton Co-operative Credit Union which previously merged with the St. Elizabeth Co-op Credit Union. Mr. Morris is currently a serving member of C&WJCCUL's Supervisory Committee and is also a member of the Lay Magistrates Association of Jamaica serving as a Justice of the Peace (J.P.) for the parish of St. Elizabeth. He is a graduate of the College of Arts Science and Technology, now UTECH, where he attained a Higher National Diploma (HND) Certificate in Mechanical Engineering. Mr. Morris also holds a Degree in Mechanical Engineering from the University of the West Indies (UWI) – St. Augustine Campus.



Austin Brown



Shauneil James



Andrew Williams



Community & Workers of Jamaica
Co-operative Credit Union Ltd. 
C&WJ

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a Robotics
Engineer

I want to be
a Nurse

I want to be
a Lawyer

I want to be
a Teacher

I want to be
a Pilot

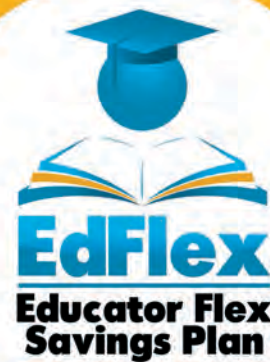


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Conditions Apply

Volunteers/Committees Who Served us from May 2018 - April 2019

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Mr. Condell Stephenson	1st Vice President
Ms. Paulette Howell	2nd Vice President
Ms. Bobette Rigg	Treasurer
Mrs. Ashlyn Malcolm	Assistant Treasurer
Mrs. Terrie-Ann Bennett	Secretary
Mrs. Pauline Thompson	Assistant Secretary
Mr Peter Scott	Director
Mr. Austin Brown	Director
Mr. Michael Dunn	Director
Mr Winston Green	Director
Ms. Norma Neil	Director
Mr. Delroy Foster	Director

CREDIT COMMITTEE

MMrs. Judith Cawley	Chairman
Mrs. June Matthews	Secretary
Ms. Natalie Stanford	Member
Mrs. Norma Warburton-Thomas	Member
Mr. Clifton Atkinson	Member
Mr. Trevor Cameron	Member
Mr. Charles Hanson	Member

SUPERVISORY COMMITTEE

MMr. Darren Brown	Chairman
Ms. Hortense Hylton	Secretary
Ms. Carla Davy	Member
Mr. Daniel Scott	Member
Mr. Webley McGowan	Member
Mr. Rohan Saunders	Member
Mrs. Judy-Ann Reid	Member
Mrs. Dionne Mason-Gordon	Member
Dr. Richard Meggo	Member
Mr. Kevron Caine	Member
Mr. George Morris	Member
Mr. Paul Bernard	Member

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Mrs. Marcia Aitcheson-Harrison	Secretary/Staff
Ms. Bobette Rigg	Member
Mr. Pete Smith	Member
Mr. Austin Brown	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mr. Almando Jones	Member/Staff
Mr. Franklin Rodgers	Member/Staff

EXECUTIVE COMMITTEE

Mr. Condell Stephenson	Chairman
Mrs. Terrie-Ann Bennett	Secretary
Ms. Bobette Rigg	Member
Mrs. Pauline Thompson	Member
Mr. Pete Smith	Member

EDUCATION COMMITTEE

Ms. Paulette Howell	Chairman
Ms. Brenda Reid	Secretary
Mr. Pete Smith	Member
Mrs. Terrie-Ann Bennett	Member
Mr. Peter Scott	Member
Mr. Leslie Mills	Honorary Member
Mr. Carlton Barclay	Member/Staff
Mrs. Michele Nugent-Miller	Member/Staff
Mr. Errol Bean	Member/Staff

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Mr. Almando Jones	Secretary
Mr Condell Stephenson	Member
Mr. Pete Smith	Member
Mrs. Ashlyn Malcolm	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mrs. Marcia Aitcheson-Harrison	Member/Staff
Mrs. Sacha Vacciana-Riley	Member/Staff
Mrs. Tracy-Ann Henry-Williams	Member/Staff
Ms. Jacqueline Miller	Member/Staff

MERGER OVERSIGHT COMMITTEE

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Mr. Condell Stephenson	Member
Ms. Bobette Rigg	Member
Mrs. Terrie-Ann Bennett	Member

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Ms. Bobette Rigg	Member
Mr. Carlton Barclay	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mr. Almando Jones	Member/Staff
Mrs. Tracy-Ann Henry-Williams	Member/Staff
Mrs Sacha Vacciana-Riley	Member/Staff
Mr. Michael Ringrose	Member/Staff



Deceased Members Listing for 2018

Agnes Brown
Akkem Malcolm
Albert Nicholson
Albert Thompson
Alexander Chang
Alexander Peynado
Alfred Bennett
Allan Allen
Allan Holness
Alphanso Livingstone
Alva Honeygan
Andrea Gabbidon
Andrea Watson
Angella Martin
Anthony A. Swaby
Arlene Foster
Ashmore Tomlinson
Aslie Meikle
Balfour Selby
Benjamin Ramsay
Bernice Pommells
Beryl Johnson
Brenton Bryan
Calice Williams
Carl Banhan
Carla Campbell
Carlton Lyons
Carola Barrett
Caroline Salmon
Cecil Currie
Charles McKenzie
Christopher Oates
Cinderella Porter
Claudette Cohen
Clive Bennett
Colin Williams
Corine E. Rhoden
Cyrus Gopaul
Dalkeith Martin
Davian Johnson
David Beason
Dawnette Lyons-Gordon
Delcy Reid
Dellis Wynter
Delores O'Connor
Dennid Duffus
Deva McLean
Donna Palmer
Donna Samuels
Donovan Burrows
Dushane Campbell
Edgar Harris
Edward Kennedy
Egla McFarlane
Elaine Hooper
Elaine Watson-Howell
Elizabeth Burrell
Emanuel Wallace
Epsy Brown-McPherson

Ernest Atkins
Eugene Callum
Eunetta Flemming
Everald Tharkudeene
Everton Douglas
Faye Rankin
Fitzroy Henry
Franklin Halsall
Gasford Griffiths
George Creary
George Smith
Georgia A. Parchment
Glasford Dobbs
Glendon Barrett
Gloria Beckford
Harold Reid
Hartley Allen
Headley Campbell
Henry O'Gilvie
Herbert Warburton
Herbie Bailey
Horace Cunningham
Hortense Sommerville
Hoseaus Henry
Howard Vasell
Ironie Gilzene
Isolyn Dawkins
Ivan Lewis
Ivanhoe Thomas
Janet Dick
Janet Hunter
Janice Whitter
Jasmine Walker
Jermaine McCreavy
Jody Ann Sinclair
Judith Gordon-Geddes
Karen Jones
Lascelles Taylor
Lebert Balsal
Lebert Mitchell
Lenworth Pulchan
Leon Brown
Leonard Fullwood
Letha Pinnock
Levon Richards
Linroy Banton
Lloyd Campbell
Locksley McKoy
Lois A. McDonald
Lolita Hanson
Lurlim Powell-Rodger
Marlene Beck
Marlene Campbell
Martin Thomas
Maurice Rose
Maxine Dawkins
Melita Johnson
Mervelyn Calbert-Bryan
Michael Morrison

Millicent Lalah
Myrnel Grant
Nadia Phillips
Nadine Beckford
Natasha Hawes
Newell Samuels
Nora Wilmot
Nordia Vacciana
Norman Arthurs
Norman McDonald
Odette Barron
Opal Bailey
Owen Watson
Patricia Barker
Patricia Fenton-Pearce
Patsylyn Anderson
Paul Richard
Pauline Williams
Percival Ferguson
Phylon Dacosta-Edwards
Preston Brown
Ralph Belinfante
Remio Munroe
Ricardo Spencer
Richard Strachan
Ronald Givans
Rosenel Brown
Roy Branwell
Roy Goslin
Ruby Farquharson
Seymour Harriott
Seymour Smith
Sharnatte Samm-Kerr
Sharon Jamieson-Lewis
Soleto Williams
Sonia Christie-Miller
Sonia Hibbert
Stafford Blake
Suzette Powell-Nelson
Teven Smith
Uche Okehukwe
Valentine Small
Valrie Palmer
Vasca Gordon
Vendolyn Powell
Vergenia Cunningham
Victor Farquharson
Victor Scott
Wavette Pink
Wenford Taylor
Whilemenia Forrester
Wilbourne W. Gayle
William Smith
Wilmoth Haye
Windel Blythe
Winifred Fearon
Yvonne Hylton



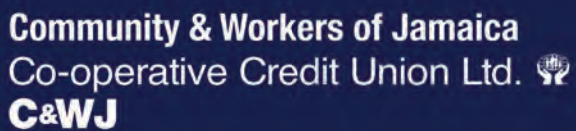
Prayer of St. Francis of Assisi

*Lord, make me an Instrument of Thy peace
Where there is hatred, let me sow love,
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light and
Where there is sadness, joy.*

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



*"ORCHID used with the kind Courtesy
of Gloudon Orchid Nursery"*

2018
ANNUAL REPORT

Notes

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Loan Amount	-	\$1 Million
Interest Rate (p.a.)	-	8.99%
Payback Period	-	60 Months
Monthly Payments	-	\$20,762.77

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Credit Unions
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