



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



2016 **Annual Report**

53rd Annual General Meeting



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



C&WJ Co-operative Credit Union Limited Progress Report (1961-2016)

YEARS	MEMBERS	SHARES	DEPOSITS	LOANS	EARNINGS			ASSETS
		Balance	Balance	Balance	Total Income	Expenses	Net Income	
1961	352	15,072	-	10,296	486	292	194	15,436
1962	560	53,676	-	48,750	3,406	1,662	1,744	55,924
1963	624	92,842	-	91,992	8,362	3,880	4,482	98,928
1964	669	130,930	-	133,132	12,940	5,000	7,940	141,614
1965	671	152,458	-	153,268	16,656	6,874	9,782	168,680
1966	759	173,326	5,048	180,796	19,548	9,156	10,392	199,384
1967	749	201,578	7,538	210,546	22,474	11,606	10,868	239,408
1968	797	230,316	11,034	266,002	27,378	12,274	15,104	287,723
1969	823	267,117	10,687	292,085	33,611	16,619	16,992	325,520
1970	874	312,894	17,060	298,267	37,543	18,831	18,712	349,349
1971	1,032	426,573	31,023	439,182	46,370	22,541	23,829	475,864
1972	1,103	519,505	22,830	557,931	65,683	31,420	34,263	586,443
1973	1,227	695,372	30,841	730,520	78,895	38,815	40,080	778,490
1974	1,460	964,655	42,734	1,046,787	114,910	65,069	49,841	1,069,355
1975	1,842	1,490,253	80,281	1,572,413	159,650	80,350	79,300	1,635,308
1976	1,958	2,210,263	109,433	2,303,040	253,541	113,818	139,723	2,429,859
1977	2,058	2,905,546	159,358	2,947,760	335,928	137,142	198,786	3,208,371
1978	2,170	3,787,922	243,590	3,909,794	438,857	200,426	238,431	4,171,484
1979	2,338	4,510,551	302,070	4,571,290	560,521	271,080	289,441	5,277,561
1980	2,626	5,381,057	350,345	5,417,589	634,062	387,256	246,806	7,075,388
1981	2,882	6,396,442	458,487	7,219,503	947,375	866,275	81,100	8,700,101
1982	3,122	8,004,118	493,452	9,077,273	1,174,018	950,126	223,892	10,178,586
1983	3,408	9,294,551	536,234	10,758,612	1,434,794	1,129,494	305,300	12,525,126
1984	3,576	10,448,520	688,552	11,946,723	1,714,503	1,262,538	451,965	13,584,800
1985	3,770	11,807,290	711,545	13,658,735	1,950,644	1,458,201	492,443	16,972,948
1986	3,990	13,353,513	1,207,157	14,986,330	2,057,463	1,593,152	464,311	18,935,880
1987	4,272	15,638,232	1,360,521	17,210,260	2,431,981	1,804,107	627,874	21,672,717
1988	4,454	18,456,135	1,679,441	20,610,694	2,819,781	1,992,889	826,892	24,969,128
1989	4,743	24,155,002	2,430,520	27,439,908	3,533,268	2,403,747	1,129,521	32,857,160
1990	4,375	28,052,737	3,029,945	32,159,594	4,412,005	3,269,415	1,142,590	37,724,358
1991	4,992	37,709,435	6,398,964	50,583,057	5,864,268	5,053,114	811,154	56,652,626
1992	5,373	47,704,220	10,560,580	68,115,818	9,283,658	7,104,145	2,179,513	74,681,510
1993	5,815	72,317,795	16,061,594	104,892,795	12,417,803	10,612,947	1,804,856	113,223,841
1994	6,103	91,745,100	28,883,640	126,844,601	17,657,227	18,969,924	(1,312,697)	152,215,726
1995	6,572	114,362,497	41,709,428	188,194,616	30,494,854	30,839,597	(344,743)	287,333,560
1996	6,683	135,913,000	67,958,000	202,797,000	52,053,000	47,365,000	4,688,000	351,307,040
1997	7,599	144,873,978	136,550,954	262,157,873	59,747,752	54,492,455	5,255,297	448,438,194
1998	7,806	168,997,778	172,074,562	301,230,716	96,205,643	79,555,310	16,650,333	528,767,540
1999	8,041	186,799,019	510,301,492	305,229,594	156,233,052	125,098,027	31,135,025	883,995,526
2000	8,479	195,278,259	503,332,891	365,652,107	176,543,216	156,785,275	19,757,941	907,335,107
2001	9,059	206,008,839	800,120,139	409,946,113	205,949,974	179,671,851	26,278,123	1,252,767,604
2002	8,796	244,257,012	842,244,508	638,118,964	237,543,756	201,352,499	36,191,257	1,389,234,343
2003	9,277	271,644,807	1,019,063,752	732,228,312	314,185,653	272,394,290	41,791,363	1,654,800,981
2004	10,104	301,501,443	1,275,991,983	886,362,191	381,220,581	313,358,284	67,862,297	1,942,878,468
2005	12,955	380,151,742	1,280,153,570	1,342,107,408	343,148,484	318,331,900	24,816,584	2,057,805,692
2006	14,562	480,612,204	1,428,747,904	1,676,645,886	387,500,847	352,284,457	35,216,390	2,346,509,009
2007	15,886	574,811,503	1,376,889,389	1,886,513,958	418,538,453	385,524,893	33,013,560	2,477,237,971
2008	17,190	597,633,698	1,580,094,892	2,132,566,493	479,156,263	444,767,649	34,388,614	2,882,668,533
2009	17,889	564,606,661	1,838,866,107	1,795,735,150	622,019,899	553,961,830	68,058,069	3,156,318,711
2010	16,172	641,966,338	1,967,143,491	1,819,988,963	514,268,401	483,933,012	30,335,389	3,198,504,129
2011	32,851	819,995,882	2,926,691,429	2,449,309,650	581,224,043	531,430,208	49,793,835	4,509,893,696
2012	34,387	867,304,479	2,964,775,825	2,905,802,729	612,943,514	592,683,652	20,259,862	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	69,171,570	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	27,941,740	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	45,703,193	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	76,707,154	10,499,620,137

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 Credit Union Limited

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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 53rd 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, May 6, 2017 commencing at 10:00 a.m.



SIGNED: Michael Sutherland
Secretary
Board of Directors

AGENDA

1. Ascertaining that a quorum is present
2. Apologies
3. Chairman's Opening Remarks
4. Minutes of the Fifty-second (52nd) Annual General Meeting and Matters Arising Therefrom
5. Consideration of:-
 - (a) Report of the Board of Directors
 - (b) The Management's Report
 - (c) The 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
6. Elections to:-
 - (a) Board of Directors
 - (b) Credit Committee
 - (c) Supervisory Committee
 - (d) Delegates of Other Registered Societies
(See Nominating Committee's Report)
7. Any Other Business
8. Presentation of Prizes
9. Adjournment

10 YEAR FINANCIAL PERFORMANCE

	2016	2015	2014
Financial Position (\$M)			
Total Assets	10,449.6	8,449.5	7,711.0
Loans to Members	7,081.6	5,196.9	4,211.6
Liquid Assets & Investments	2,457.6	2,429.0	2,806.3
Savings Deposits	5,890.4	5,149.7	4,721.2
Voluntary Shares	2,848.6	1,883.6	1,690.7
Shareholders Equity	1,396.6	1,103.2	1,003.1
Institutional Capital	1,316.3	1,044.6	960.0
Income & Expenditure (\$M)			
Total Revenue	1,139.4	982.1	915.4
Interest Expense	247.2	268.7	263.2
Operating Expenses	766.0	655.3	596.2
Net Income after Int. on Shares	76.7	45.7	27.9
Ratios			
PROTECTION			
Loan Loss Allowance/Delinquent > 12 Mths	100%	100%	100%
EFFECTIVE FINANCIAL STRUCTURE			
Net Loans / Total Assets	67.4%	61.3%	54.6%
Total Savings / Total Assets	83.2%	83.2%	83.2%
Institutional Capital / Total Assets	12.5%	12.4%	12.4%
Loans / Deposits	81.0%	73.9%	65.7%
ASSET QUALITY			
Total Delinquency / Gross Loan Portfolio	4.8%	4.3%	7.4%
Non Earning Assets / Total Assets	9.1%	9.7%	9.0%
RATES OF RETURN & COSTS			
Net Loan Income / Avg. Net Loan Portfolio	12.6%	13.4%	13.3%
Liquid Investment Income / Avg. Liquid Investments	7.2%	7.9%	9.9%
Fin. Investment Income / Avg. Fin Investments	4.1%	4.6%	5.7%
Fin. Costs: Savings & Deposits / Avg. Savings Deposits	2.3%	3.0%	3.1%
Gross Margin / Average Assets	9.0%	8.8%	8.3%
Operating Expenses / Avg. Assets	8.1%	8.1%	7.9%
Net Income / Avg. Assets (ROA)	0.8%	0.6%	0.4%
Interest Income / Earning Assets	9.6%	10.5%	11.1%
Interest Expense / Interest Bearing Liabilities	2.7%	3.6%	3.9%
Spread	6.9%	6.9%	7.2%
LIQUIDITY			
Liquidity Reserves / Total Savings Deposits	16.0%	27.0%	31.0%
GROWTH			
Loans	36.3%	23.4%	-1.3%
Savings Deposits	14.4%	9.1%	4.8%
Ordinary Share Capital	51.2%	11.4%	1.3%
Institutional Capital	26.0%	8.8%	3.3%
Membership	11.3%	10.2%	4.9%
Total Assets	24.3%	9.6%	3.4%

2013	2012	2011	2010	2009	2008	2007	2006
7,460.0	4,606.0	4,509.9	3,198.5	3,156.3	2,882.7	2,477.2	2,346.5
4,268.3	2,905.8	2,449.0	1,820.0	1,795.7	2,132.6	1,886.5	1,676.6
2,491.2	1,430.1	1,771.9	1,143.7	1,130.3	575.6	388.0	436.5
4,507.1	2,964.8	2,926.6	1,967.1	1,838.9	1,580.1	1,376.9	1,428.7
1,668.4	867.3	820.0	606.8	531.4	566.3	574.8	480.6
984.9	536.1	523.1	457.4	414.4	345.6	315.0	776.5
928.9	503.8	476.0	411.3	369.1	322.7	277.3	238.1
726.9	612.9	581.2	514.3	622.02	479.2	418.5	387.5
205.7	167.7	174.1	223.0	318.28	204.8	198.3	177.9
484.7	373.6	355.6	257.0	227.27	235.9	184.4	166.6
69.2	20.3	49.8	30.3	68.06	34.6	33.0	35.2
100%	100%	100%	100%	100%	100%	100%	100%
57.2%	63.1%	54.3%	56.9%	56.9%	74.0%	76.2%	71.5%
82.8%	83.2%	83.1%	80.5%	75.1%	74.5%	78.8%	81.4%
12.5%	10.9%	10.6%	12.9%	11.7%	11.2%	11.2%	10.1%
69.1%	75.8%	65.4%	70.7%	75.8%	99.4%	96.7%	87.8%
8.5%	5.0%	6.9%	9.7%	9.5%	7.7%	7.8%	8.7%
9.4%	5.9%	6.4%	7.3%	7.3%	6.1%	8.3%	9.9%
13.0%	14.9%	18.3%	19.2%	20.1%	18.8%	18.8%	19.6%
6.4%	6.3%	6.9%	6.3%	14.7%	8.8%	9.4%	9.0%
7.7%	8.7%	10.3%	17.0%	25.2%	8.4%	10.6%	11.1%
3.1%	3.5%	3.99%	6.7%	10.9%	7.4%	8.7%	8.8%
9.2%	8.7%	9.9%	9.1%	9.8%	10.1%	9.1%	9.2%
8.0%	8.2%	8.61%	8.1%	7.5%	8.8%	7.6%	7.6%
1.1%	0.4%	1.21%	1.0%	2.3%	1.3%	1.4%	1.6%
8.9%	11.9%	12.2%	15.8%	18.9%	15.5%	16.5%	16.2%
3.2%	4.4%	4.6%	8.6%	12.3%	8.5%	9.8%	12.3%
5.7%	7.6%	7.6%	7.2%	6.6%	7.0%	6.7%	3.9%
25.5%	17.17%	26.06%	27.0%	29.5%	20.0%	16.1%	20.1%
46.9%	18.7%	34.6%	1.4%	-15.8%	13.0%	12.5%	24.9%
52.0%	1.3%	48.8%	7.0%	16.4%	14.8%	-3.6%	11.6%
92.4%	5.8%	35.1%	14.2%	-6.2%	-1.5%	19.6%	29.7%
84.4%	5.8%	15.7%	11.4%	14.4%	16.4%	16.5%	8.2%
86.1%	4.7%	103.1%	-9.6%	4.1%	8.2%	9.1%	12.4%
62.0%	2.1%	41.0%	1.3%	9.5%	16.4%	5.6%	14.0%

**Minutes of the 52nd Annual General Meeting of the
Community & Workers of Jamaica Co-operative Credit Union Limited
held on May 21, 2016 at the Jamaica Conference Centre, 14-20 Port Royal St., Kingston**

1. Quorum of the Meeting

The Chairman, Mr. Pete Smith, called the Meeting to order at 11:25 a.m.

The Chairman informed the Meeting that a quorum was present as there were 318 members in attendance.

1.1 Reading of the Notice and Convening of the Meeting

Mr. Michael Sutherland, the Secretary, read the Notice of the Meeting and the President declared the meeting duly convened.

1.2 Prayer

Reverend Lionel Morgan led the Meeting in prayer.

2. Apology for Absence

Apologies for absence were tendered for the Treasurer, Mr. Almando Jones, Ms. Judith Cawley, Chairman of the Credit Committee and members Ms. Susan Brodber and Ms. Maxine Wilson.

3. Chairman's Opening Remarks

The Chairman welcomed the members, guests, past volunteers and the serving members of the Credit and Supervisory Committees, the Board Directors, the management and staff, and the Credit Union's strategic partners who were in attendance.

He extended special recognition to the following guests present:

Former C&WJCCUL Presidents, Messrs. David Hall and Ertis Blake; Messrs Michael Dunn and Delroy James from the National Water Commission Co-operative Credit Union; Ms. Sonia Smith and Ms. Lisa Miller from the Department of Co-operatives and Friendly Societies; Ms. Vera Lindo from the Jamaica Co-operative Credit Union League; Ms. Beverley Cole the Meeting's Stenographer; Mr. Adrian Thompson from the Credit Union Fund Management Company; Ms. Beverley Madden from D&G Co-operative Credit Union, Ms. Cynthia Lawrence from KPMG and Mrs. Bethune Lugg-Banton from Quality Network Co-operative Ltd.

3.1 Silent Tribute to Pioneers, Past Leaders and Late Members

The meeting stood in 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.

Members who passed away during the year under review, the list of which appeared on page 98 of the Annual Report.

4. Adoption of Minutes of the 51st Annual General Meeting

The Chairman requested a motion for the Minutes of the 51st Annual General Meeting held on Saturday, May 2, 2015, be taken as read. The motion was moved and seconded by Messrs. Condell Stephenson and Henderson McGregor respectively and carried by the Meeting.

There being no corrections, the Minutes of the Annual General Meeting held on May 2, 2015, was confirmed on a motion moved by Ms. Paulette Howell and seconded by Ms. Cecilia Kerr and carried by the Meeting.

4.1 Matters Arising from the Minutes

The matters arising from the Minutes were deferred to The Management Report.

5. The Reports

On a motion moved by Mrs. Terrie-Ann Brown-Bennett and seconded by Ms. Alicia Bernard and carried by the Meeting, the reports of the Board of Directors, the Management, the Treasurer, the Auditors, the Credit and Supervisory Committees and the League Delegates were all taken as read en bloc.

5.1 Directors' Report

The Chairman introduced the Board of Directors who served during 2015 and those present at the head table:

- Mr. Pete Smith – President
- Mr. Condell Stephenson – 1st Vice President
- Mr. Almando Jones – Treasurer
- Mr. Michael Sutherland – Secretary
- Mrs. Terrie-Ann Bennett – Assistant Secretary
- Ms. Bobette Rigg – Assistant Treasurer
- Ms. Paulette Howell – Director
- Mrs. Pauline Thompson – Director
- Mr. Peter Scott – Director

The Chairman informed that the Credit Union achieved strong financial performance in 2015, despite the challenging and competitive environment in which it operated. The reduction in oil prices resulted in savings that improved the country's trade account, so despite the 5% depreciation in the Jamaican dollar against the United States dollar, prices remained relatively stable, with the inflation rate of 3.7% being the lowest in decades.

Minutes of the 52nd Annual General Meeting, Continued

Jamaica successfully completed its 10th consecutive review of the economic reform programme under the Extended Fund Facility Agreement with the International Monetary Fund. The World Bank ranked Jamaica as the top country for doing business in the Caribbean, while the Jamaica Stock Exchange was ranked as the top performing index globally.

The Credit Union remained focus on its core business of improving members' financial well-being. The Credit Union's the performance was highlighted as follows:

- C&WJCCUL ended the year with assets valued at \$8.449 billion.
- The merger with the former ICD & Associates Co-operative Credit Union was implemented on June 1, 2015 and the systems successfully converted. The merger contributed 3.1% or \$240.4 million to the asset growth and an additional branch, Harbour Street, to the branch network.
- The membership, which grew to 74,000 since 2015 due to the mergers throughout the years, was now being served from the Credit Union's 15 branches in 7 parishes.
- Savings grew by 9.7% to \$7 billion due to increased savings in all savings products. The year ended with a Savings to Assets ratio of 83.39%, which was better than the Movement's average of 76.63%.
- C&WJCCUL continued its preparedness for the Bank of Jamaica (Credit Union) Regulations and was now prepared for the requirements under the Regulations.
- The annual Customer Satisfaction Survey conducted returned a member satisfaction rating of 99%, which was evidence of the Credit Union's member centric focus.
- The Credit Union continued to improve the physical space where members were served by renovating the Montego Bay and Kellits branches.
- There was continued focus on social outreach activities via bursaries and scholarships to members' children, along with several community based outreach activities undertaken by the Credit Union and its staff.
- The Credit Union entered into an agreement with the National Water Commission Co-operative Credit Union to effect a merger of both societies. The resolution for which would be deliberated by the members later in the Meeting.
- Mergers continued throughout the Movement, with the number of credit unions declining to 34. The trend was expected to continue as the Movement prepares for the impending Regulations. The Movement's asset size grew by 8.28% to \$88.9 billion, while savings grew by 8.61% to \$68.1 billion and loans grew by 7.04% to \$60.5 billion.

The Chairman extended gratitude to all the Credit Union's stakeholders, including the membership, past and present volunteers, strategic partners, sponsor companies and the management and staff for their continued co-operation and support.

The meeting received a positive testimonial from a member.

The Directors' Report was adopted on a motion moved and seconded by Mrs. Pauline Thompson and Ms. June Matthews respectively and carried by the Meeting.

5.2 The Management Report

Mr. Barrington Whyte, the Chief Executive Officer, referred the Meeting to the Report on pages 20 – 23 of the Annual Report. The Credit Union's focus throughout the year was outlined follows:

- The Credit Union focused on ensuring the successful implementation of the merger with the former ICD & Associates Co-operative Credit Union.
- There was continued focus on expanding the loan portfolio, which resulted in the value increasing by over \$1 billion to \$5.196 billion during the year.
- The Triple Ten and Triple Five loan programmes undertaken were successful due to their competitive and attractive loan rates.
- There was continuous monitoring of the arrears, which resulted in the year ending with an arrears level of 4.3%, which was below the standard 5%.
- The profitability of the branches increased.
- There was emphasis on member service improvement resulting in the 99% member satisfaction rating reported in the annual Customer Satisfaction Survey.
- The Balanced Scorecard remained the tool used by the Board to monitor the Credit Union's performance.
- A new Call Centre that facilitated more staff members to address the member communication needs was established.
- The Credit Union was voted as the credit union with the greatest social media followers by an international organisation. C&WJCCUL was the only credit union in the Caribbean to be listed.
- Staff communication remained a focus of the management, along with continued training and development. The staff remained active in community outreach programmes.
- Focus was placed on the Credit Union's Bank of Jamaica (Credit Union) Regulations readiness.
- The Information Technology infrastructure was improved with the implementation of an asset liability management and budgeting programme.
- Special attention was given to the development of an Enterprise Risk Management programme that would take all of the Credit Union's risks into account.

Minutes of the 52nd Annual General Meeting, Continued

- The Credit Union remained compliant in the anti-money laundering and counter financing of terrorism requirements. In accordance with the requirements, members were advised that they would be contacted regarding the requirement for them to update their records with the Credit Union every 5 years under the anti-money laundering laws.

Mr. Whyte concluded his presentation by thanking the Board of Directors, the Supervisory and Credit Committees and the management and staff for their support.

The Chairman addressed questions from the membership regarding branch infrastructure development and refurbishment, equipment maintenance and replacement, automated teller machine needs, future Meeting venue, potential partnership and lobby effort, cash withdrawal limits and improvement of the youth saver programme.

A member commended the management and staff for the harmonization of the myriad OF cultures of the various credit unions that comprises C&WJCCUL.

The Chairman informed the Meeting that efforts were being made to add value to members' in-branch experience through a pilot project that would provide wireless internet access to members in the banking hall of some branches.

The Management Report was adopted on a motion moved by Mr. Ertis Blake and seconded by Mr. David Hall and carried by the Meeting.

5.3 The Treasurer's Report and Auditors' Reports and Financial Statements for the Year 2015

5.3.1 Auditors' Reports

The Chairman invited the Auditor, KPMG, to present its report on the 2015 audit. The report was presented by Ms. Cynthia Lawrence who advised that proper accounting records had been maintained in accordance with International Financial Reporting Standards and the financial statements gave a true and fair view of the Credit Union's financial affairs and complied with the provisions of the Co-operative Societies Act.

5.3.2 The Treasurer's Report

The Assistant Treasurer, Ms. Bobette Rigg, reported on the Credit Union's 2015 financial performance as follows:

1. The Credit Union's asset grew by \$738 million or 9.6% to \$8.449 billion, exceeding the 5% Asset Growth standard.
2. The Credit Union's Net Loans to Total Assets ratio was 61.3%, which was in compliance with the standard 60% - 80%.

3. The delinquency level of 4.3% was below the standard 5%.
4. The Credit Union's Capital Reserve ratio of 12.4% surpassed the standard 8%.
5. The Credit Union exceeded the liquidity ratio standard of 10% by end the year with a ratio of 27%.
6. The Credit Union's savings portfolio increased by \$621 million, with a Total Savings to Total Asset ratio of 83%.
7. Average Return on Savings of 3.3% did not meet the standard, but was better than the return from commercial banks.
8. The Operating Expense ratio of 8.1% was better than the Movement's average and the peer group.
9. The Non-Earning Asset to Total Asset ratio was 9.7%, exceeding the standard 7%.
10. The membership grew by 10.2% or 6,834 members.
11. Net surplus increased by 63% to \$45.7 million.

The Treasurer's Report and Financial Statements were adopted on a motion moved by Ms. Cecilia Kerr and seconded by Mr. Henderson McGregor and carried by the Meeting.

5.3.3 Appropriation of Surplus

The Assistant Treasurer presented the Board's recommendation for the appropriation of the 2015 surplus as follows:

Surplus for the year available for:

Distribution	\$51,711,320
Statutory Reserves	(30,911,320)
Dividend on MQ Shares (5%)	(7,800,000)
Honoraria	(5,000,000)
Scholarship Fund	(4,000,000)
Disaster & Social Outreach	(4,000,000)

The appropriation of the surplus as presented by the Assistant Treasurer was approved on a motion moved and seconded by Ms. Lorraine Elliston and Ms. Erica Greenaway and carried by the Meeting.

5.3.4 Fixing of Maximum Liability

On a motion moved by Mr. Ertis Blake and seconded by Ms. Janet Lewis and carried by the meeting, 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.

5.4 Fixing of Maximum Liability

The Chairman referred the Meeting to the report on pages 86 - 88 of the Annual Report.

The Credit Committee's Report was taken as read. The Report was adopted on a motion moved by Mr. Henderson McGregor and seconded by Mrs. Terrie-Ann Brown-Bennett and carried by the Meeting.

Minutes of the 52nd Annual General Meeting, Continued

5.5 The Report of the Supervisory Committee

The Supervisory Committee's Report having been previously circulated was taken as read. The Report was adopted on a motion moved by Mr. Peter Scott and seconded by Mrs. Faith Bertram and carried by the Meeting.

5.6 The Report of the League Delegates

The Report of the League Delegates was presented by the CEO, during which he informed that the BOJ (Credit Union) Regulations discussions that began 17 years ago was almost at completion, with only one out of five issues outstanding.

The Meeting was informed that the regulations would benefit credit unions and members as it would strengthen the Movement and present it with the opportunity to seek the Bank's authorisation to conduct foreign exchange business.

Mr. Whyte appealed to the members to support C&WJCCUL and the League in advocating for the enactment of the regulations, which was now in the custody of the Chief Parliamentary Counsel.

The Report of the League Delegates was adopted on a motion moved and seconded by Mr. Ertis Blake and Ms. June Matthews respectively and carried by the Meeting.

6. Resolution

Following presentation by Ms. Vera Lindo of the League and C&WJCCUL's CEO, outlining the benefits to be derived from a merger between C&WJCCUL and NWCCCU, a representative of the Department of Co-operatives and Friendly Societies, Mrs. Sonia Smith, requested that members consider the following resolution:

"BE IT RESOLVED that the members of Community & Workers of Jamaica Co-operative Credit Union Limited agree to accept the whole of the property and other assets and to honour the engagements of the National Water Commission Co-operative Credit Union Limited and to issue to each member of the National Water Commission Co-operative Credit Union Limited paid up shares equal to the amount standing to the credit of each member in the Shares Ledgers of the National Water Commission Co-operative Credit Union Limited on the date when the transfer of engagement becomes effective provided that:

1. These members agree to meet Permanent Shares requirements and minimum shares requirement of the Community & Workers of Jamaica Co-operative Credit Union Limited and/or its successors within twelve calendar months after the effective date of the transfer of engagement.
2. The transfer of engagements will become effective on August 1, 2016, or on a date to be fixed by the Registrar of the Co-operatives and Friendly Societies.

3. The transfer of engagements will be on the terms agreed by both parties and the Board of Directors of 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."

A motion to accept the resolution for the Transfer of Engagement of NWCCCU to C&WJCCUL was moved by Ms. Irene Mighty and seconded by Ms. Lorraine Elliston and carried by the Meeting.

The merger was approved by a vote of the members as follows: 377 for, none against and no abstentions.

7. Elections

7.1 The Report of the Nominating Committee

Mrs. Sonia Smith of the Department of Co-operative and Friendly Societies presented the Nominating Committee's Report.

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

As a result of the merger with NWCCCU, two vacancies were automatically reserved for NWCCCU's representatives as of the effective date of the merger.

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

A motion was moved by Mr. Henderson McGregor and seconded by Mrs. Faith Bertram for the Board of Directors to be increased from 9 members to 11 members.

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:

- | | |
|--------------------|---------|
| ■ Mr. Austin Brown | 2 years |
|--------------------|---------|

On a motion moved by Ms. June Matthews and seconded by Mrs. Faith Bertram, Ms. Natalie Stanford was nominated for the term of 2 years, to replace Mr. Bornette Donaldson who had resigned from the Committee.

Minutes of the 52nd Annual General Meeting, Continued

As a result of the merger with NWCCCU, a vacancy was automatically reserved for an NWCCCU representative as of the effective date of the merger.

There being no other nominations the abovementioned members and NWCCCU appointee was declared duly elected to the Credit Committee for the period adjacent to their names.

c) Supervisory Committee

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

Mr. Shauneil James
Ms. Shorna Anderson
Ms. Shackera Williams
Ms. Alecia Haughton
Mrs. Ashlyn Malcolm
Ms. Carla Davis
Mr. Rohan Saunders

As a result of the merger with NWCCCU, two vacancies were automatically reserved for NWCCCU's representatives as of the effective date of the merger.

There being no other nomination, the abovementioned members and NWCCCU appointees 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 Chief Executive Officer were duly elected as delegates to the Jamaica Co-operative Credit Union League Limited.

Delegates to the JCIA

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

Delegates to QNET

The I.T. Committee Chairman and Chief Executive Officer were duly elected as delegates to QNET.

8. Any Other Business

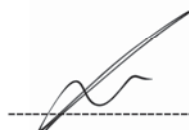
No further business was discussed.

9. Drawing of Gate Prizes

The gate prizes were drawn.

10. Adjournment

The Meeting adjourned at 3:26 p.m.



Michael Sutherland
Secretary, Board of Directors



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

presents

Save As You Earn and WIN

March 15, 2017 to July 27, 2018



Star DJ
Ron Muschette



2 CHANCES TO WIN

First Draw: December 29, 2017 :: Win a brand new 2017 Toyota Yaris Motor Car or a Consolation prize of \$50,000.00

Second Draw: August 3, 2018 :: Win a brand new 2017 Toyota Yaris Motor Car or a Consolation prize of \$50,000.00

- To qualify for the first draw on **December 29, 2017**, members will have to save at least \$50,000 in the SAVE AS YOU EARN (S.A.Y.E.) account, between **March 15, 2017 and December 20, 2017**. The winner will be selected on **December 29, 2017**.
- To qualify for the second draw on **August 3, 2018**, members will have to save at least \$50,000 in the SAYE account, opened between March 15, 2017 and July 27, 2018. The winner will be selected on **August 3, 2018**.
- The initial \$50,000.00 qualifies savers for one entry in the competition. Thereafter each additional \$50,000.00 saved in the qualifying SAYE account, including accumulated monthly deposits, qualifies for another entry in the competition.
- Each \$50,000 of initial lump sum deposit qualifies for one entry.

For Rules of the Competition and Selection of Winners see the press or visit our website: www.cwjcu.com/saye

Have a S.A.Y.E. Win and Drive...

Board of Directors



<i>From Left:</i> Dr. Richard Meggo	- Director
Mr. Michael Sutherland	- Secretary
Ms. Paulette Howell	- 2 nd Vice President
Mr. Michael Dunn	- Director
Mrs. Terrie-Ann Bennett	- Assistant Secretary
Mr. Pete Smith	- President
Ms. Bobette Rigg	- Assistant Treasurer
Mr. Peter Scott	- Director
Mrs. Pauline Thompson	- Director
Mr. Almando Jones	- Treasurer
Mr. Condell Stephenson	- 1 st Vice President



Report of the Board of Directors for the Year ended December 31, 2016

Solidify - to make our relationships stronger and more certain;
Energize - to give vitality and enthusiasm to our people and the management of our assets;
Grow - the value of our portfolios to increase in size and substance.



Pete Smith
President

On behalf of the Board of Directors, I am pleased to present this report on the performance of the Community & Workers of Jamaica Co-operative Credit Union Ltd. In spite of the challenging economic environment within which we operated I am extremely happy to report that 2016 was another very successful year for our Credit Union.

In October 2016 we consummated our merger with NWC Co-op Credit Union and added to our Board of Directors Mr. Michael Dunn and Dr. Richard Meghoo, two astute senior executives from the National Water Commission, expanding the Board from 9 to 11 members. Both Michael Dunn and Dr. Richard Meghoo bring diverse perspectives and experiences to the Board. Michael is an outstanding senior executive in the area of Customer Operations and Richard is a senior and highly regarded Civil and Environmental engineer with our water provider NWC. We look forward to their expertise in helping to guide C&WJCCUL to new heights.

Most importantly, we welcome our new family members from the union. We are truly excited about this, and encourage you our members to join with us as we **SOLIDIFY; ENERGIZE; & GROW!** We intend to capitalise on the current economic trends which have begun to shape our Country, our Movement and our Credit Union.

Performance of the Jamaican Economy

In his 2016 Annual Report to the country the Governor of the Bank of Jamaica reported the following economic indicators relating to the performance of the Jamaican economy and the overall positive expectations for the future:

- The Consumer Price Index was 1.7 per cent for the calendar year 2016 down from 3.7 per cent in 2015, which was reportedly the lowest level of inflation for a calendar year since 1964.
- Improvement in business and consumer confidence was reported for 2016.
- In 2016 commercial bank credit to the private sector increased significantly by 14.8%.
- Growth in the GDP of 1.4 percent in 2016 compared to the 0.9 percent in 2015.
- Jamaica's Balance of payments recorded a fifth consecutive year of improvement in 2016 and the lowest current account deficit in 15 years. NIR closed the year at \$2,719.4M representing 24.7 weeks of imports.
- November 2016 recorded Jamaica's 13th consecutive positive review under the IMF Extended Fund Facility. A new 3 year Precautionary Stand-By Arrangement was successfully negotiated with the IMF, aimed at preserving macro-economic stability and sustained growth and job creation.
- There was increased buoyancy in the local equities market, resulting in increases in all the JSE indices for 2016.
- The Jamaican economy is projected to grow in 2017 at 1.7%.

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 Credit Union Movement

At December 2016 the number of credit unions in Jamaica contracted to 32 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 7.85% to close the year at \$95.67B; savings growing by 8.44% to \$73.83B; and loans by 7.15% to \$64.67B. Profitability increased recording growth in net surplus of 43.8% over the 2015 results, totalling \$1.265B. This was a rebound from the significant decline

Report of the Board of Directors, Continued

recorded in 2015 (\$0.88B) compared to the 2014 results when the movement realised net surplus of \$1.4B. The 2016 outturn has still not caught up with the 2014 results. The Movement continued to register growth in other key performance areas during 2016 including Asset Quality; Solvency; and Capital Adequacy.

The Bank of Jamaica Credit Union Regulations was still not passed in 2016 but the movement expect that it will be passed in 2017.

The C&WJ Credit Union Performance

SOLIDIFY

During 2016 the focus of the Credit Union was to ensure that the mergers with ICD Co-op Credit Union in 2015 and with NWC Credit Union in 2016 were successfully integrated within the new Community and Workers of Jamaica Co-operative Credit Union family and that the relationship with the members and staff was **SOLIDIFIED**. The Credit Union has made significant strides in this regard and we fully intend to continue this journey.

ENERGIZE

The Board in 2016 in perseverance of its mission to provide motivated and empowered employees accepted the recommendations of PWC Jamaica to make changes to the organizational structure which would engender a more **ENERGIZED TEAM**.

GROW

I am also pleased to advise that our Credit Union is now the second largest Credit Union in Jamaica in terms of assets closing the year at \$10.5B.

Performance in Key Result Areas

The strategic imperatives for the Board involve ensuring that the Credit Union achieves growth; profitability; regulatory compliance and very importantly member satisfaction. The Credit Union's performance in 2016 in the following key result areas are set out below:

Key Result Areas	2016	2015	%
Membership	82,293	73,962	11
Assets (\$B)	10.499	8.449	24
Savings (\$B)	8.739	7.033	24
Loans (\$B)	7.081	5.197	36
Regulatory Capital (\$B)	1.316	1.044	26
Net Surplus (\$M)	76.7	45.7	68
Customer Satisfaction	99%	99%	-

Growth

The Credit Union continued to pursue the merger growth strategy during 2016. The strategy continued to produce exceptional results as the Credit Union experienced significant growth in all areas of our operations during 2016. C&WJ

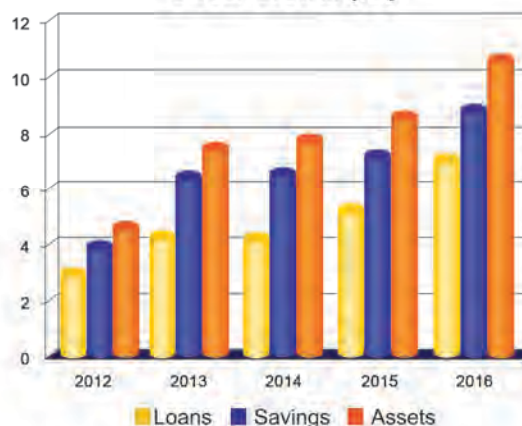
Credit Union at the end of December 2016 was the second largest Credit Union in Jamaica based on total assets, and controlling market share of 12% of the movement's savings.

Merger with NWC Co-operative Credit Union Ltd. (NWCCUL)

The merger with NWCCUL was effected on October 1, 2016. Total assets increased by 24%, the major contributor being the result of the merger with NWC Credit Union. It is important to note, however, that in addition to the growth from the merger, the Credit Union also grew organically. Of the \$1.7B increase in savings, \$462M represented organic growth in 2016.

Loan growth during the year was a massive 36% above the balance outstanding at December 2015, including organic growth of \$691M or 13% over 2015.

5 Year Growth (\$B)



Profitability Surplus

Despite a very challenging year our Credit Union made a surplus of \$76.7 million for the year. This represents the highest level of surplus ever achieved in the history of the Credit Union.

The distributable surplus at December 31, 2016 was \$71.2M. The Directors in keeping with Article XIV Rule 66(i) and Article XV Rule 67 have transferred \$46.2M of this surplus to Statutory Reserves after which the amount available for distribution at this meeting is \$25M. 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 \$48.1M in accordance with the requirements of the JCCUL and Rule 38 (i) (l). The charged –off loans represented 0.68% of the total gross loans outstanding. (2015, 0.79%). Some of these loans are secured by assets that are in the process of being realized and others have been referred to

Report of the Board of Directors, Continued

our collection agency. The Credit Union estimates that we will be able to recover a portion of the amounts written-off. During 2016 the Credit Union recovered \$24.05 million, from loans previously written off.

No director, committee member, current 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. We have therefore continued to strengthen mitigation of the risks surrounding the credit process.

Customer Satisfaction

The Credit Union's annual Customer Satisfaction Survey was conducted in October of 2016. The results showed that 78% of the members rated the service they received at their branch as excellent or very good, with another 20% rating the service as good but needing improvement. Therefore 98% 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

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). During the year, the number of reports requested by the BOJ has increased from two reports to twenty-three reports, requiring much greater administrative support. The Credit Union's response was to utilize technology as much as possible in finding the most cost efficient solution. The Bank of Jamaica Credit Union regulations were still not enacted at December 31, 2016. 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:

- Monthly Board Meetings;
- Monthly and or periodic reports from Board Appointed Committees, such as the Arrears Committee,

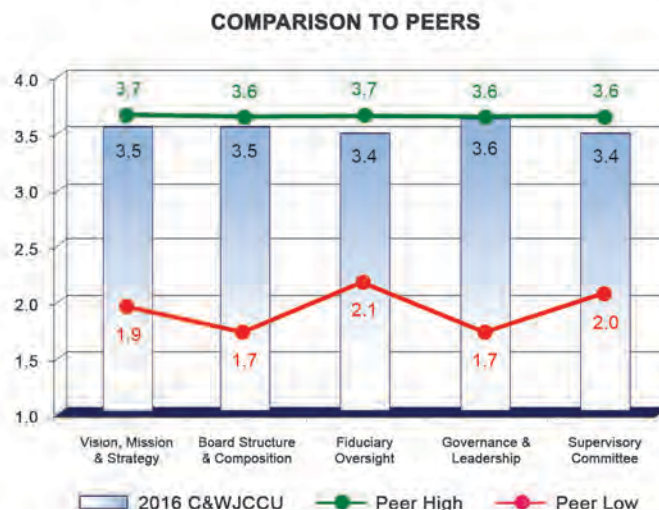
the Property Committee, the Asset Liability Management Committee (ALCO), Information Technology Committee, the Enterprise Risk Management (ERM) Committee and the Education Committee;

- Annual Strategic Planning Retreat;
- Specific Training of Board Members;
- Board Performance Assessment;
- The Balance Scorecard;
- Policy Development and Review.

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

Board Assessment: In October 2016, in a bid to continue to strengthen its governance practices, processes and culture, the Board engaged the services of the Credit Union Executive Society (CUES) to undertake a Board Assessment to determine the Board's performance in the five strategic core areas.

The Assessment examined the following five areas of Board competence and compared C&WJCCU's results to the average results of similar US based Credit Unions. The findings which are set out in the chart below show that C&WJCU is rated among the top credit unions in all the areas assessed.



Organisational Review of the Credit Union

Over the period 2010 to 2016 our Credit Union has grown from a 6 branch to an 18 branch organization, with assets increasing by over 200%, and employees increasing threefold. The Board recognizing the need for a robust enough team to manage this larger more complex organization contracted the firm of PWC Jamaica to conduct an organizational review of the Credit Union's operations. This review was undertaken during the year and a number of recommendations were made to the Board for improvement in the organization's structure to ensure greater efficiency

Report of the Board of Directors, Continued

and effectiveness. This new structure was approved by the Board and is being implemented on a phased basis over the 2017 financial year.

The Three Year Strategic Plan: During the year the Board through the management developed a Three Year Strategic Plan. Under this plan the Board identified 14 areas of the Credit Union Governance and management for strategic focus and development over the next three years. Strategic initiatives and projects are identified for implementation, with clear objectives to be achieved in specific time frames.

Board Performance

Officers and Directors

Mr. Pete Smith was re-elected President of the Credit Union at the Re-organizational Meeting held in May 2016. The officers and directors of the Credit Union were:

- Pete Smith - President
- Condell Stephenson - 1st Vice President
- Paulette Howell - 2nd Vice President
- Almando Jones - Treasurer
- Michael Sutherland - Secretary
- Bobette Rigg - Asst. Treasurer
- Terrie-Ann Bennett - Asst. Secretary

The other Directors were: Mr. Peter Scott and Mrs. Pauline Thompson. As provided under the NWC merger agreement Mr. Michael Dunn and Dr. Richard Meggo joined the Board on October 1, 2016.

Meeting Attendance

Attendance at Directors' Meeting is set out below:

ATTENDANCE AT BOARD MEETINGS FOR THE PERIOD JANUARY TO DECEMBER 2016

DIRECTORS	No. of Possible Meetings	Number Attended	Absent with Excuse
Bennett, T	12	11	1
Dunn, M	3	3	-
Howell, P	12	11	1
Jones, A	12	12	-
Meggo, R	3	3	-
Rigg, B	12	9	3
Scott, P	12	12	-
Smith, P	12	11	1
Stephenson, C	12	10	2
Sutherland, M	12	12	-
Thompson, P	12	12	-

Social Responsibility Programs

Education Assistance Programmes

In 2016 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 number of bursaries awarded was seventy five (75) valued at \$1.875million in that Programme alone. Additionally the Credit Union continued to provide funding to students engaged the Tertiary studies through the Ertis Blake and the F.T. Spence Memorial Scholarships, to sixth forms students under the Leslie Mills County Scholarship Programmes. While renewals for Bursaries and Scholarships awarded under the former Westmoreland Co-op Credit Union were honoured.

In 2016, consequent on the merger with the NWC Co-operative Credit Union, your Credit Union adopted the NWC Credit Union Basic School. The school is being funded partially by the Ministry of Education and partially from the Credit Union's Scholarship Fund.

From the 2015 surplus the members voted to add \$4 million to the Scholarship Fund and the Credit Union paid out \$3.5 million in scholarships, bursaries and grants. At year-end the Fund had a balance of \$4.2 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. Peter Scott, Mr. Errol Bean, Miss Stacey Beckford, 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 the role of being a good corporate citizen supported several charitable causes in our communities, this included Westmoreland, Clarendon and St. Ann, Montego Bay, Manchester and Kingston and St Andrew. Some of the institutions and activities which were supported include:

- Sponsorship of the 2016/17 Lionel Town Community Football League.
- Contribution to the Webster United Church Basic School, school feeding program.
- The Governor General's "I Believe Initiative"
- United Way of Jamaica
- The Best Care Foundation
- Family and Parenting Center
- JCF First Aid Kit programme
- Our Christmas Hamper Senior Citizen Treat

The balance of the Social Outreach Fund at year-end was \$5.5M.

Report of the Board of Directors, Continued

Obituaries

We regret to report that during the year one hundred and twenty (120) of our members passed on. Their names are set out on page ??? in the booklet. The Board of Directors extends condolences to their families, on your behalf.

Acknowledgement

Mr. Barrington Whyte

The Credit Union recognizes and celebrates Mr. Barrington Whyte, one of the most outstanding managers and icons within the credit union movement, for his tremendous contribution, dedication, and outstanding leadership and service to C&WJCCU for over 22 years. Under his leadership, C&WJ Credit Union transformed from simple to complex; from unaudited to audited; from million dollar company to billion dollar enterprise; transitioned from an employee based credit union bonded to serve employees of the Jamaica Telephone Company (JTC), to a Community and Workers Credit Union, bonded to serve practically all workers in Jamaica and residents in communities in 8 parishes. With a network of 18 branches, approximately 200 staff, the Society is currently the second largest credit union in Jamaica.

Mr. Whyte with such a distinguished career presided over one of the most progressive and outstanding credit union in Jamaica, has retired from the position of Chief Executive Officer, effective October 31, 2016.

On behalf of the Board of Directors, I wish to thank Barry for having led us this far and we wish for you a long and happy retirement.

Special welcome and thanks to our new CEO, Mr. Carlton Barclay. The Board of Directors welcomed Mr. Carlton Barclay as the new Chief Executive Officer on January 1, 2017. A distinguished Chartered Accountant, Mr. Barclay is a Fellow of the Association of Chartered Certified Accountants (FCCA); Fellow of the Institute of Chartered Accountants of Jamaica, and holds an MBA with the Kellogg School of Management, Northwestern University.

Mr. Barclay brings to the Organization a wealth of experience with over 25 years' of service in the banking and finance industry in Jamaica and overseas. He has held several senior positions to include: Managing Director of Republic Bank (Cayman) Limited, General Manager of the National Building Society of Cayman (NBSC), and Deputy General Manager of Jamaica National Building Society Group (JNBS).

Mr. Barclay has given service to Jamaica and his profession by his involvement in a number of Boards. He is the former Chairman of the Caribbean Association of Banks Incorporated (CAB), the Strategic Planning and Advocacy Sub-Committees of CAB. He is also the former Chairman of the Current

Affairs Committee of the Institute of Chartered Accountants of Jamaica (ICAJ); the former President of Kingston and St. Andrew Football Association (KSAFA) and a former Treasurer of the Jamaica Football Federation (JFF). He has served on the Boards of the National Road Maintenance Fund of Jamaica and is a member of the Rotary Club of St. Andrew North.

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 and our several other strategic partners for the level of co-operation and support.

Thanks to the other members of our Executive Management Team Mrs. Joyce West-Johnson, Mrs. Marcia Aitcheson-Harrison, Mrs. Sacha Vacciana-Riley and department managers and the general 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 serve the members of this great institution. As your President I am committed to continue serving you with humility. I also pledge to be faithful to our mission, "to enhance the financial well being of our members by providing superior financial services and innovative products in a friendly environment; through empowered and motivated employees."

The Board remains exceedingly confident that Community & Workers of Jamaica Co-op Credit Union (C&WJ) is well positioned to build on our legacy of strong governance and the generation of long-term value to our members. 2016 was a remarkable year for the Credit Union and we can't wait to make it even better, together in 2017.

For and on behalf of the Board.

Signed



Pete Smith
President

1000%

CAR LOAN FINANCING

ON NEWLY IMPORTED
PRE-OWNED CARS



Get these great benefits:

- 100% financing
- Up to 84 months to repay (subject to age of vehicle)
- Rates as low as 9.99% interest p.a.
- Free creditor life insurance up to \$1M
- Save while you repay
- Fast approval and turnaround time

LOAN EXAMPLE

Loan Amount	-	\$1 Million
Interest Rate (p.a.)	-	9.99%
Payback Period	-	60 Months
Monthly Payments	-	\$21,242.12

BRANCHES

HEAD OFFICE BRANCH
51 Half Way Tree Road,
Kingston 10
Tel: (876) 936-3800
Fax: (876) 929-8118

EUREKA CRESCENT BRANCH
6 Eureka Crescent,
Kingston 5
Tel: (876) 906-1215,
(876) 754-1824
Fax: (876) 929-1859

MARESCAUX ROAD BRANCH
4 Marescaux Road, Kingston 5
Tel: (876) 929-4204,
(876) 926-7941
Fax: (876) 929-5619

EAST PARADE BRANCH
9 East Parade, Kingston
Tel: (876) 936-3800,
(876) 932-2985

HARBOUR STREET BRANCH
33-35 Harbour Street, Kingston
Tel: (876) 948-7110
Fax: (876) 948-9858

NEWPORT WEST BRANCH
4 Fourth Avenue, Newport West
Tel: (876) 937-4580
Fax: (876) 758-7717

MANDEVILLE BRANCH
Leader's Plaza, Main Street
Tel: (876) 936-3800
Fax: (876) 961-3691

JAMALCO BRANCH
Halse Hall, Clarendon
Tel: (876) 986-7324
Fax: (876) 986-7324

KELLITS BRANCH
Main Street, Kellits,
Clarendon
Tel: (876) 966-8998
Fax: (876) 920-8053

LIONEL TOWN BRANCH
Bustamante Drive,
Lionel Town, Clarendon
Tel: (876) 986-3021
Fax: (876) 986-3021

MAY PEN BRANCH
2 Main Street, May Pen,
Clarendon
Tel: (876) 986-2287/2090
Fax: (876) 902-4302

ST. ANN'S BAY BRANCH
11 King Street,
St. Ann's Bay
Tel: (876) 936-3800
Fax: (876) 794-8094

PORT MARIA BRANCH
2 Hodgson Street,
Port Maria P.O., St. Mary
Tel: (876) 994-9524/725-0369
Fax: (876) 994-9524

MONTIGO BAY BRANCH
1 King Street
Tel: (876) 936-3800
Fax: (876) 971-7317

SAVANNA-LA-MAR BRANCH
79 Great George Street,
Savanna-la-mar P.O.,
Westmoreland
Tel: (876) 955-2331
Fax: (876) 955-3636

GRANGE HILL BRANCH
Grange Hill P.O.,
Westmoreland
Tel: (876) 955-1122
Fax: (876) 955-1632

*Conditions Apply

WHITEHOUSE BRANCH
Main Street, Whitehouse,
Westmoreland
Tel: (876) 963-5494
Fax: (876) 963-5494

NEGRIL BRANCH
Plaza de Negril, Negril,
Westmoreland
Tel: (876) 957-4165
Fax: (876) 957-4453

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Like a Friend.

MANAGEMENT TEAM



Joyce West-Johnson,
J.P., M.Sc, BSc, FCCA, FCA
Asst. General Manager,
Finance & Accounting

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

Sacha Vacciana-Riley,
BA., LLB, M.Phil, CLE
Asst. General Manager,
Compliance & Legal Services

Marcia Aitcheson-Harrison,
MBA-MIS, BSc.
Asst. General Manager,
Operations & Customer Service



Stacey Beckford, MBA., B.Sc.,
Human Resources &
Administration Manager



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



Wayon Elliott, B.Sc.,
Strategy & Development
Manager



Tracy-Ann Henry-Williams,
M.Sc., B.Sc.,
Credit Manager



Michael Ringrose, MBA, B.Sc.,
Loan Recovery/Property
Manager



Sheron Bryan, M.Sc., B.Sc.
Arrears Manager

The Management Report to the 53rd Annual General Meeting

SOLIDIFY...

ENERGIZE...

GROW!



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

I am pleased to present the management report on the operational activities of our Credit Union for the year 2016. The Credit Union performed exceptionally well in both the financial as well as the non-financial perspectives of the business. This level of performance was achieved despite the challenging economic conditions within which we operated. Among the many successes we achieved are the following:

- Implementing a successful merger with the NWC Co-operative Credit Union Ltd;
- Earning the highest level of net surplus in the history of the Credit Union;
- Becoming the second largest Credit Union in Jamaica in terms of Assets;
- Exceeding the \$10 Billion Dollar mark in Total Assets.

It is now the opportune time for us to solidify our relationship from the previous mergers, energise our staff and members to meet the challenges of growth.

2016 Strategic Priorities

The Board determined the 2016 Strategic Priorities for the Credit Union in the following areas:

- Licensing by the BOJ
- Merger
- Strategic Partnerships
- Information Technology
- Regulatory Compliance
- Human Resource Development

Licensing by the BOJ

The BOJ Regulations were still not enacted at December 2016. The Credit Union however continued to prepare itself for licensing by the BOJ by ensuring that the organization's policies; procedures and processes are, or will be in compliance with the BOJ requirements by the time the Regulations are enacted.

Merger

The merger with NWC Co-operative Credit Union was effective on October 1, 2016. The management takes pleasure in formally welcoming our new members and employees to the C&WJ Family as we join in sharing **THE BENEFITS OF BELONGING**.

The operations of both entities were successfully merged including the information technology systems. The merger brought onto our books assets of \$1.54 Billion; Savings of \$1.24 Billion; and Loans of \$1.19 Billion. This resulted in our Credit Union rising to being the second largest Credit Union in Jamaica in terms of assets. The number of Credit Union branch offices also increased by three, bringing the total number to eighteen branches Island-wide. The new branches which were added are the Marescaux Road Branch; the Eureka Road Branch and the Port Maria Branch in St. Mary. In ensuring that the synergies were achieved we were able to successfully merge the operations of the Montego Bay and Mandeville Branches within the pre-existing C&WJ Branches.

We continue to integrate all areas of our operations, including our people and our systems to ensure that the Credit Union's members and staff benefit from the synergies to be realized from the merger. All Members of the Credit Union are now able to access services from our eighteen branch offices located throughout Jamaica.

The Management Report, Continued

Strategic Partnerships

We continued the identification and engagement of strategic partnerships which could bring new value added financial services to our members and improved operational efficiency. In 2016 the Credit Union joined with Bill Express to make it possible for our members to pay their bills online using our internet banking facility. Members now have the opportunity to access free of cost, over eighty bill payees through our internet banking facility.

Information Technology

During 2016 the Credit Union undertook a full review of our information technology infrastructure with a view to ensuring that the Credit Union's system was sufficiently robust. The Credit Union management reviewed a number of banking/credit union core systems with a view to identifying the best suited core system to exceed the members' expectations in the areas of service delivery and delivery channels, as well as more robust in increasing productivity and efficiency of our operational processes.

Regulatory Compliance

JCCUL

The PEARLS Ratios represent the main standard used by the Jamaica Co-operative Credit Union League to regulate Credit Unions in Jamaica. During 2016 the Credit Union continued to operate in compliance of these standards. The Credit Union continued to submit monthly returns as required by the League during 2016. The Credit Union was also fully compliant with the payment of League Dues and Stabilization Dues for the year 2016.

Bank of Jamaica

The Draft BOJ Credit Union Regulations were not enacted during 2016. The Draft Regulations outlined the capital standards which credit unions will be required to comply with. At December 2016 C&WJ Credit Union was in compliance with most of these ratios. The Credit Union continued to submit reports to the Bank of Jamaica as required on a monthly basis. During the year the Bank of Jamaica rolled out a new Data Collection and Reporting System to the Financial Industry including credit unions, banks and other deposit taking institutions which were regulated by the Bank of Jamaica. The number of reports which credit unions were asked to submit to the bank of Jamaica on a monthly basis increased from two reports to twenty three reports. The Credit Union's response was to comply by fully utilizing our Information Technology resources and to minimize as much as possible the level of increase in manual intervention. This was implemented and the Credit Union is now submitting the full set of reports as required by the BOJ.

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.

Enterprise Risk Management

During the year the Credit Union made significant improvement in its Enterprise Risk Management Program with the development of the Enterprise Risk Management Framework, the ERM Policy and the ERM Strategy. The full roll out of a comprehensive Enterprise risk management Program is currently being implemented which will assist the Credit Union in better management of our key risks; and maximizing our opportunities.

Human Resource Development

Our mission involves providing empowered and motivated employees to ensure that we possess the expert knowledge required to enhance the financial well-being of members. We are therefore committed to developing our teams' skills and competencies. In support of this strategic priority PWC was engaged during the year to conduct an Organizational Review of the Credit Union to recommend the appropriate organizational structure that would be required to ensure an efficient and effective operation given the vast expansion in its size and complexity, as well as greater regulation in the context of the pending BOJ Credit Union Regulations. The Board of Directors have since approved the newly revised structure which is currently being implemented.

The staff complement has increased significantly with the welcoming of our new staff members from the NWC Credit Union merger. In-depth training on the Credit Union's products and services as well as the core processing system is being conducted to ensure that our members are offered the same level of quality service throughout our eighteen branches.

The Credit Union continued to offer educational support to staff to pursue Business related programs of study. Members of staff are also exposed to a number of credit union related courses via the online training program offered through the Leagues CPD Online training program for credit unions.

2016 Performance in Key Result Areas

The Credit Union continued to measure our key performance indicators against the international credit union PEARLS Standard, against our peers in the credit union movement, as well as against the targets set for the 2016 financial year. Our performance measures covered financial targets as well as

The Management Report, Continued

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 all these KRA's.

Net Surplus

The Credit Union realised net surplus of \$76.7 million which exceeded the 2016 target by \$20 million. This was \$31 million or 38% above the 2015 surplus of \$45.7 million. This is the highest level of surplus to be achieved in the history of our Credit Union and was achieved after deducting extraordinary expenses of \$16.7 million relating to the Merger with NWC Co-operative Credit Union. The Credit Union's performance over the five year period shows a positive trend and augurs well for the future of the Society as this is the main way in which the Credit Union builds institutional capital to protect the members' savings.

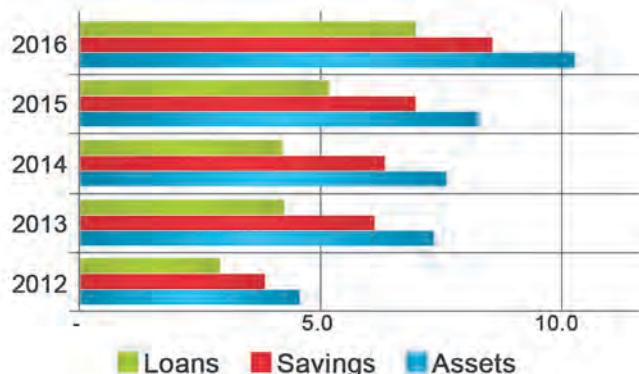
The 2016 Income Mix



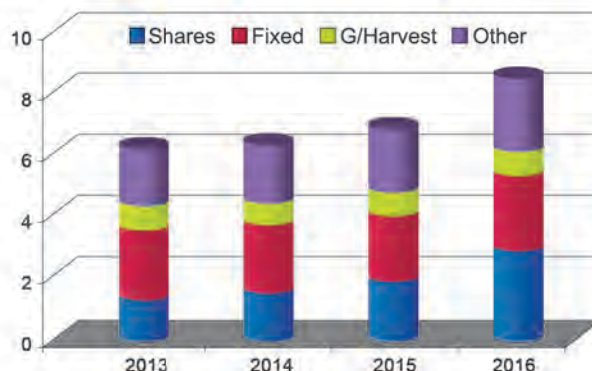
Growth

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. Total assets increased by \$2 Billion to \$10.5 Billion or 24% above the 2015 value at \$8.5 Billion. The chart tracks the Credit Union's growth in Assets; Savings and Loans over the five year period to December 2016, showing the movement in the asset base from \$4 Billion in 2012 to over \$10 Billion in 2016.

5 Year Growth in Assets Savings & Loans (\$B)



Member Savings (\$B)



Savings increased by \$1.7 Billion to \$8.7 Billion or 24% above the 2015 position. The merger with NWC Credit Union accounted for 17.7%. However there was still evidence of organic growth reporting 6.6% increase for the year. The major savings types continue to show good performance. The New SAYE Savings Promotion is being rolled out this year to encourage even greater levels of savings by our members. The offering is very attractive in terms of the rate of return to the member; free life insurance coverage; and the chance to win one of two brand new 2017 Toyota Yaris Motor Car.

Loans to Members (\$B)



The loan portfolio increased by \$1.9 Billion to \$7.1 Billion or 36% above the 2015 portfolio balance. The Motor Vehicle Loans continue to be the major category, followed by the Cash Secured Loans.

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

The Management Report, Continued

possible. This year the Credit Union transferred \$46.2 Million or 61 % of surplus to the Statutory Reserve. 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 2016 the Credit Union's capital ratio was 12.54% which exceeded the requirements of both standards.

Customer Satisfaction Survey

The 2016 Survey was conducted by Market Research Services Ltd. The results showed that 98% of our members rated the service received from the Credit Union as good to excellent.

Corporate Social Outreach

As a good Corporate Citizen, during the year we continued our outreach program in the communities which we serve and in the wider Jamaica. We specifically focused on education and youth development through our Secondary School Assistance Program(SSAP). The staff of all branches were involved in the numerous corporate social outreach activities of the Credit Union. These activities were in the areas of health care, community welfare, education, care for

the elderly and youth empowerment. 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.

Appreciation

I wish to express my sincere appreciation to Mr. Barrington Whyte for his significant contribution to the solid performance of C&WJCCUL. I fully intend to build upon the foundation which he has left. I wish to thank the members of the Management Team, as well as all the other staff members for their professionalism, hard work and commitment to the goals and objectives of the Society. On behalf of the staff I wish to thank the Directors and Committee Members for their support of the effort of the staff. 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
Chief Executive Officer

Branch Managers & Administrators



Andrea Mumby
St. Ann's Bay Branch
Branch Manager &
Regional Operations Manager

Karice Bennett
Savanna-la-Mar Branch
Branch Manager

Jennolyn Morrison-Forbes
Montego Bay Branch
Branch Manager

Kerron Jones
Grange Hill Branch
Branch Administrator

Kesian Wedderburn
White House Branch
Branch Administrator



Rosemarie Lee-Weir
Kellits Branch
Branch Administrator

Latoya McKenzie
Port Maria Branch
Branch Administrator

Kim McKoy
Newport West Branch
Branch Manager

Hyacinth Hines
East Parade Branch
Branch Manager



Lorean Myrie
Negril Branch
Branch Administrator



Daliah Royal
May Pen Branch
Branch Manager



Jennifer Taylor
Mandeville Branch
Branch Administrator



Michelle Kelly
Jamalco Branch
Branch Administrator



Rudolph Winkle
Eureka Crescent Branch
Branch Administrator



Brenda Reid
Marescaux Road Branch
Branch Manager



Carmen Barrett
Lionel Town Branch
Branch Administrator



Dean Rhoden
Head Office Branch
Acting Branch Manager

PHOTO HIGHLIGHTS:

KELLITS BRANCH OFFICE OPENING



Prayer of Dedication:
Pastor Wayne Pascoe of the Kellits New Testament Church of God offered the dedicatory prayer.



The Hon Horace Dally, MP and then Minister of Health, performed the symbolic cutting of the ribbon. Looking on are Mr. Pete Smith, President, C&WJCCUL; Mr. Ralston Hyman, Economist, guest speaker at the function; Mrs. Rosemarie Lee-Weir, Branch Administrator; Mr. Barrington Whyte, CEO and Mrs. Marcia Aitchison-Harrison, AGM.

THE BRANCH OF THE YEAR AWARDS STAFF RETREAT 2016



Ms. Andrea Mumby, Branch Manager - St Ann's Bay, proudly holds the Branch of The Year Trophy. Sharing in the moment are, from left, Mr. Pete Smith, President - C&WJCCU; Ms. Tanica McNeish, Customer Service Representative and Mr. Barrington Whyte, CEO. The St. Ann's Bay Branch also lifted the trophy in 2014.



(Left) Branch of the Year, 1st Runner Up, East Parade Branch. Staff representatives display their plaque.



(Right) Branch of the Year, 2nd Runner Up, Negril Branch. Staff representatives display their plaque. The plaques were presented by Mr. Barrington Whyte, CEO - C&WJCCU.

THE 52ND ANNUAL GENERAL MEETING



Directors and members of C&WJCCUL voted on the Resolution to merge with NWCCUL.



Mr. Michael Sutherland, Secretary reading the official notice of the 52nd AGM



Two members keenly examine the 2015 Annual Report Booklet.

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE CREDIT UNION WINS THE ST. ANN CHAMBER OF COMMERCE 2016 CORPORATE AWARD!



Pixley Irons - President of the St. Ann Chamber of Commerce presents Andrea Mumby - Regional Operations Manager of C&WJCCU with the St. Ann Chamber of Commerce 2016 Corporate Awards.



Management and Directors of C&WJCCU, (L-R) Barrington Whyte - Chief Executive Officer, Andrea Mumby - Regional Operations Manager, Pete Smith - President, Marcia Aitcheson-Harrison - Assistant General Manager - Operations & Customer Service, Condell Stephenson - 1st Vice President

NWCCUL & C&WJCCUL MERGED



Officers of NWCCUL and C&WJCCUL celebrate the merger. From Left to Right: Barrington Whyte - CEO (C&WJCCU), Pete Smith - President (C&WJCCU), Michael Dunn - President (NWCCU), Herbert Duval - General Manager (NWCCU).

86 STUDENTS RECEIVE SCHOLARSHIPS AND BURSARIES VALUED OVER \$3 MILLION FROM C&WJCCU



TOP BOY AND GIRL SCHOLARSHIP AWARDEES pose with Senator, The Hon. Ruel Reid C.D., J.P., Minister of Education, Youth and Information. C&WJCCU Officials include: Mrs. Joyce-West Johnson, AGM - Finance & Accounting, Mr. Barrington Whyte - CEO, Mr. Pete Smith - President, Mr. Condell Stephenson - 1st Vice President, Ms. Paulette Howell - Chairman, Education Committee, Mr. Peter Scott - Director and Terrie-Ann Bennett, Member - Education Committee.



SSAP Awardees acknowledged introduction by standing.



LESLIE MILLS COUNTRY SCHOLARSHIPS

Ms. Alexandra Grant, one of three Leslie Mills County Scholarships awardees, proudly receives her certificate from Mr. Barrington Whyte, CEO, C&WJCCU. Ms. Grant also replied on behalf of the recipients. Absent were Akili Sterling and Hannah Burgess.

BARRINGTON WHYTE RETIRES AS CEO AFTER 22 YEARS AT C&WJCCUL



Here comes honouree "The Original Barry Whyte", escorted by Erica Campbell-Williams (left) and Marcia Aitcheson-Harrison.



Honouree, Barrington Whyte (left), receives a warm welcome greeting from President, Pete Smith.



Mr. Barrington Whyte is presented with the citation by Mrs. Joyce West-Johnson, Acting Chief Executive Officer (CEO). It was read by Mrs. Norma Brown-Bell, Communication Consultant, from the RJR Communication Group. "It is a happy and blessed individual whose finest attributes and natural inclination find full expression in his professional endeavours" (Citation)



Mr. Whyte is a picture of confidence and happiness as he replied.



Mr. Whyte was delightfully serenaded by guest performer, Ms. Judy Emmanuel. Sharing the thrill of the moment is former Jamaican High Commissioner to the United Kingdom, Ambassador, Aloun Ndomet-Assamba.

The Treasurer's Report for the Year Ended December 31, 2016



Almando Jones

I am pleased to present the Treasurer's Report to this the 53rd Annual General Meeting of the Society. The Auditor's Report and Financial Statements are set out on pages 36 to 89 and a summary of these statements is set out in the Treasurer's Report Sheet.

The financial performance of the Credit Union is measured by the PEARLS system, which is a 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 2016 against the standard is set out in the table below:

C&WJCCU's Financial Performance 2016 vs League's Minimum Prudential Financial Standards

INDICATOR	STANDARDS	31-12-16
PROTECTION		
Provision for loan losses	100%	100%
EFFECTIVE FIN. STRUCTURE		
Capital Ratio:		
Reserves / Total Assets	> / = 8%	12.55%
Net Loans / Total Assets	60 – 80%	67.2%
Savings / Total Assets	70 – 80 %	83.2%
ASSET QUALITY		
Delinquent loans > 30 days / Total Loans	< 5%	4.78%
Non Earning Assets / Total Assets	< 7%	9%
RATES OF RETURN & COST		
Operating Expenses / Average Assets	< / = 8%	8%
Net Income / Average Assets	To maintain a capital ratio of 8% or more	0.81%
Return on Savings	> Inflation rate (1.7%)	2.5%
LIQUIDITY		
Liquidity Reserve / Savings and deposits	> 10 %	16%
SIGNS OF GROWTH		
Membership Growth	> 5 %	11.3%
Asset Growth	> / = 5%	24%

The Credit Union is reporting a very successful performance for 2016 having successfully implemented the merger with NWC Co-operative Credit Union effective October 1, 2016. This merger in addition to the organic growth experienced by C&WJ explains the significant increases in total assets, savings and loans. The Credit union achieved growth of over \$2 Billion in total assets and moved up to the number two spot in the Jamaica Credit Union ranking in terms of assets. We generated the highest level of net surplus in the history of the credit union which was \$76.7 million, an increase of 68% above the 2015 results. In 2016 we bolstered the strength of the Credit Union by transferring another \$46.2 million from surplus to the statutory reserves. These results were achieved despite the challenging economic environment within which we operated in 2016. Your Credit Union is now set to **SOLIDIFY – ENERGISE – GROW** in 2017.

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

Protection

Provision for loan losses

At year end the Credit Union had a loan portfolio of \$7.1 Billion of which loans amounting to \$193.8 Million or 2.7% 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 \$54.7M. 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). In order to provide further protection the Credit Union has set aside an additional provision of \$32 Million bringing the total loan loss provision to \$88.7 Million.

Effective Financial Structure

Reserves / Total Assets

At year-end C&WJ had Institutional Capital Reserves in excess of \$1.3 Billion, representing a ratio of 12.54%, 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

The C&WJ achieved significant loan growth of \$1.88 Billion during the year reporting an increase of 36% above the 2015 portfolio balance, and bringing total loans to \$7.1 Billion at year end. This resulted in a net loan to asset ratio of 67.2% at the end of 2016 which was well in line with the requirement of the PEARLS standard of 60% to 80%.

Total Savings / Total Assets

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

The Treasurer's Report, Continued

borrowed funds. The credit union achieved significant savings growth in excess of \$1.7 Billion during the year, an increase of 24% above the 2015 portfolio balance. At year-end the ratio of savings to total assets was 83.2% which was in excess of the standard of 70% - 80%.

Asset Quality

Delinquent loans > 30 / Total Loans

In spite of the adverse economic conditions, the Credit Union was able to maintain our delinquency levels within the required PEARLS standard (ie. loans in arrears over 30 days over total loans) of not more than 5%. At December 31, 2016 this ratio was 4.8% which was within the standard of 5%. Non-Performing loans at December was 1.7% of the total loan portfolio which compared favorably to the 2.9% reported for commercial banks based on the Bank of Jamaica annual report 2016. The credit union continues to aggressively manage this portfolio to maintain a low level of delinquency.

Non-Earning Asset/ Total Asset

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 9.2% of total assets down from the 9.7% recorded in 2015. The ratio is outside of the standard as a result of the previous mergers, and the higher than normal level of real estate investment, as well as the merger 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

Operating Expenses/ Average Assets

The standard requires that operating expenses should be at most 8% of average assets. The operating expense ratio for 2016 was 8.1%, which was marginally above the required standard. The ratio was however negatively impacted by extra-ordinary expenses relating to the merger which when excluded brings the ratio to 7.9% which is within the standard, and is comparable to the average 7.93%, reported by the Credit Union movement, and the 7.90%, reported as the average ratio for our peers over the same period.

Net Income / Average Assets

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 0.8%, and surplus of \$76.7 million, which enabled us to transfer \$46.2 million to Statutory Reserves, bringing the Institutional Capital to asset ratio to 12.54% which surpassed the PEARLS standard requirement of 8%.

Return on Savings

The Standard requires that the return paid on members' savings should be greater than or equal to the rate of inflation which was 1.7% for 2016. C&WJ returned an average of 2.5% p.a. on members' savings which was almost double that of the commercial banks' average interest rate on savings of 1.3% p.a. During 2016 the Credit Union paid interest rates on savings of up to 6.00% per annum.

Liquidity

Liquidity Reserve / Savings and Deposits

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 2016, C&WJ had liquid assets representing 16% of savings and deposits.

Signs of Growth

Membership Growth

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 8,331 members, representing an increase of 11.3% over the previous year. This is significantly above the 5% increase required by the standard.

Asset Growth

The Credit Union recorded an asset growth in excess of \$2 Billion bringing total assets to \$10.5 Billion at year end. This represents a growth rate of 24% for the period under review, which is above the requirement of the Standard of 5% growth in assets per annum.


 Almando Jones
 Treasurer

The Treasurer's Report, Continued

Appropriation of Surplus and Fixing of the Maximum Liability

Appropriation of 2016 Surplus

Surplus Available for Distribution

	\$'000
Surplus B/F 2015	14,152
Total Comprehensive Income For the Year	76,707
Adjustment to Loan Loss Reserve	(19,638)
	71,221

Surplus available for Distribution

	\$'000
- Statutory Reserves	71,221
- Dividend on Membership Qualification shares 5%	(46,221)
- Honoraria	(9,000)
- Scholarship	(7,000)
- Disaster & Social Outreach	(5,000)
	(4,000)

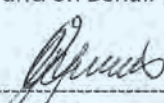
The Fixing of the Maximum Liability for Loans

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.

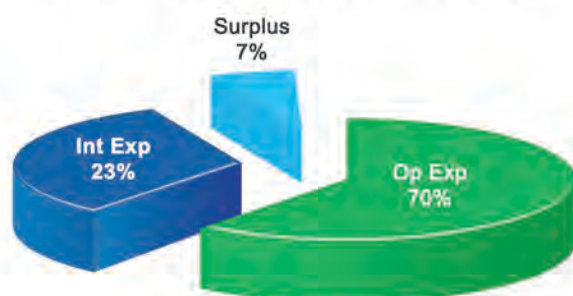
For and on Behalf of the Board of Directors.

Recommendation of the Board of Directors

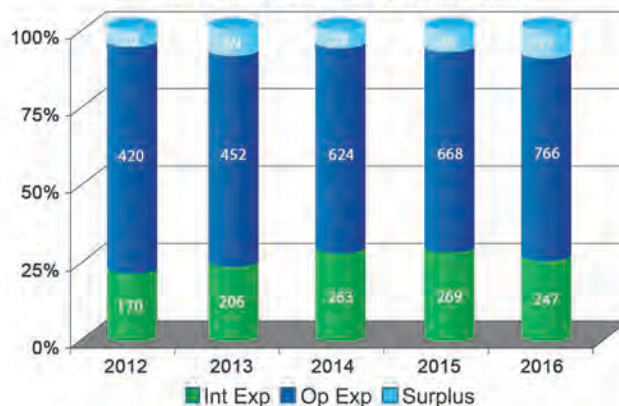
The Board of Directors of the Credit Union is making the following recommendation to the meeting with respect to the appropriation of the 2016 surplus.


 Armando Jones
 Treasurer

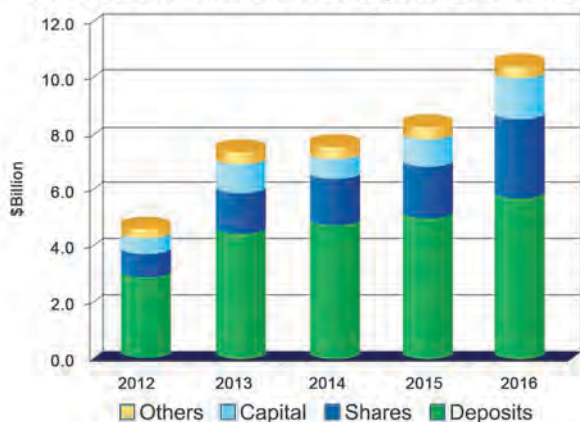
DISTRIBUTION OF THE \$ EARNED IN 2016



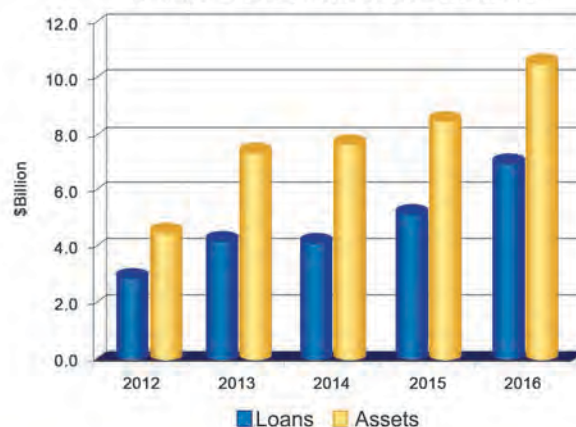
5 YEAR DISTRIBUTION OF INCOME



5 YEAR GROWTH IN DEPOSIT, SHARES & CAPITAL



5 YEAR ASSET & LOAN GROWTH



The Treasurer's Report Sheet

Let Us Look At The Money We Have	2016 \$'000	2015 \$'000	Increase (Decrease) \$'000	%
As a group of persons, we have accumulated savings over the past 55 years. This money is shown as:- (1) Share Capital (11) Deposits	3,326,961 5,890,362	2,339,207 5,149,704	987,754 740,658	42% 14%
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	837,934	588,926	249,008	42%
We also have Undistributed Net Income and Other Reserves. This amount is	80,293	58,622	21,671	37%
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	364,070	313,058	51,012	16%
The total Amount Available to the Society was	10,449,620	8,449,518	2,050,102	24%
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	677,773	599,835	77,938	13%
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	2,457,623	2,428,982	28,641	1%
Some of the money we have, have been used in re-lending to ourselves. This amount is	7,081,572	5,196,892	1,884,680	36%
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.	282,652	223,808	58,844	26%
And so the total funds available, used in the manner set out above, amounted to	10,499,620	8,449,518	2,050,102	24%

Auditors' Report & Financial Statements

Community & Workers of Jamaica Co-operative Credit Union Limited
December 31, 2016

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DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

(Agency of the Ministry of Industry, Commerce, Agriculture and Fisheries)

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

2 MUSGRAVE AVENUE
KINGSTON 10

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

E-mail: dcfs@cwjamaica.com

S1
R 260/-108/03/17

March 31, 2017

The Secretary
C&WJ Co-operative Credit Union Limited
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, 2016.

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

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

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

Yours sincerely,



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

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 41 to 89, which comprise the statement of financial position as at December 31, 2016, 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, 2016, 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 company 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
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

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 (Cont'd)

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

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

In preparing the financial 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.
- 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

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 (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

Report on additional matters as required 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.

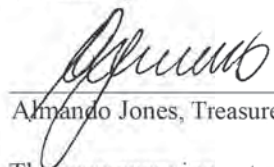
Chartered Accountants
Kingston, Jamaica

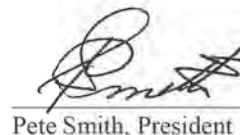
March 25, 2017

**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, 2016**

	Notes	2016 \$'000	2015 \$'000
ASSETS			
EARNING ASSETS			
Loans to members	5	7,081,572	5,196,892
Liquid assets	6	1,181,435	1,245,159
Financial investments	7	1,276,188	1,183,823
Total earning assets		9,539,195	7,625,874
NON-EARNING ASSETS			
Liquid assets	8	101,600	94,404
Other assets	9	36,063	45,835
Property, plant and equipment	10	677,773	599,835
Intangible assets	11	144,989	83,570
Total non-earning assets		960,425	823,644
TOTAL ASSETS		10,499,620	8,449,518
LIABILITIES AND CAPITAL			
INTEREST BEARING LIABILITIES			
Voluntary shares	12	2,848,559	1,883,580
Deferred shares	13	302,062	300,753
Saving deposits	14	5,890,362	5,149,704
Due to other institutions	15	42,748	52,461
Total interest bearing liabilities		9,083,731	7,386,498
NON-INTEREST BEARING LIABILITIES			
Accruals		107,549	71,642
Payables	16	67,898	45,443
Others	17	145,875	143,512
Total non-interest bearing liabilities		321,322	260,597
TOTAL LIABILITIES		9,405,053	7,647,095
CAPITAL			
Permanent shares	18	176,340	154,875
Institutional capital	19	837,934	588,926
Non-institutional capital	20	1,014,274	743,801
		80,293	58,622
TOTAL CAPITAL		1,094,567	802,423
TOTAL LIABILITIES AND CAPITAL		10,499,620	8,449,518

The financial statements on pages 41 to 89 were approved by the Board of Directors on March 25, 2017 and signed on its behalf by:


 Armando Jones, 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, 2016**

	Notes	2016 \$'000	2015 \$'000
INTEREST INCOME			
Loans to members		772,508	629,205
Liquid assets		96,616	114,008
Financial investments		50,770	57,098
		<u>919,894</u>	<u>800,311</u>
INTEREST EXPENSE			
Saving deposits		167,279	185,583
Members' shares		10,972	16,400
Deferred shares		22,671	25,994
Due to other institutions		1,118	2,347
Other financial costs	22	45,162	38,362
		<u>247,202</u>	<u>268,686</u>
NET INTEREST INCOME		672,692	531,625
Increase in provision for impairment losses on loans	5	(35,257)	(2,164)
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT LOSSES ON LOANS		<u>637,435</u>	<u>529,461</u>
NON-INTEREST INCOME			
Fees		167,205	143,692
Rental income		7,323	4,401
Others	23	44,949	33,678
		<u>219,477</u>	<u>181,771</u>
GROSS INCOME		856,912	711,232
OPERATING EXPENSES	24	(766,052)	(655,333)
NET SURPLUS BEFORE HONORARIA AND OTHER PAYMENTS		90,860	55,899
Honoraria		(5,000)	(3,600)
Disaster and social outreach		(5,664)	(2,868)
Scholarship fund		(3,489)	(3,728)
NET SURPLUS AFTER HONORARIA AND OTHER PAYMENTS, BEING SURPLUS FOR THE YEAR		<u>76,707</u>	<u>45,703</u>
OTHER COMPREHENSIVE INCOME			
Item that maybe reclassified to surplus or deficit:			
Change in fair value of available for-sale financial assets		(762)	10,124
TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME		<u>(762)</u>	<u>10,124</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>75,945</u>	<u>55,827</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, 2016

	INSTITUTIONAL CAPITAL				NON-INSTITUTIONAL CAPITAL							
	Permanent shares \$'000 (note 18)	Statutory & legal reserve \$'000 (note 19)	General reserve \$'000 (note 19)	Business combination reserve \$'000 (note 19)	Retained earnings \$'000 (note 19)	Total \$'000	Loan loss reserves \$'000 (note 20)	Fair value reserve \$'000 (note 20 & 21)	Non-qualifying reserve \$'000 (notes 20 & 21)	Undistributed net surplus \$'000 (notes 20,21)	Total \$'000	Grand total \$'000
Balances at December 31, 2014	139,010	465,647	12,449	13,354	26,188	517,638	6,128	165	22,975	13,738	43,006	699,654
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	-	-	45,703	45,703
Other comprehensive income:												
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	10,124	-	-	10,124	10,124
being total other comprehensive income	-	-	-	-	-	-	-	10,124	-	45,703	55,827	55,827
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with members and movements in reserves												
Entrance fees	-	1,334	-	-	-	1,334	-	-	-	-	-	1,334
Shares amount subscribed	9,129	-	-	-	-	-	-	-	-	-	-	9,129
Appropriation of net surplus for 2014:												
Dividends on membership qualification shares (note 18)	-	-	-	-	-	-	-	-	-	(7,000)	(7,000)	(7,000)
Transfer to loan loss reserve	-	-	-	-	-	-	4,188	-	-	(4,188)	-	-
Shares issued on merger (note 30)	3,951	-	-	-	-	-	-	-	-	-	-	3,951
Business combination reserve (note 30)	-	-	-	39,043	-	39,043	-	-	-	-	-	39,043
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	485	-	485	485
Share transfer fund	2,785	-	-	-	-	-	-	-	(2,785)	-	(2,785)	-
Scholarship fund	-	-	-	-	-	-	-	-	(590)	590	-	-
Disaster & social outreach fund	-	-	-	-	-	-	-	-	(2,868)	2,868	-	-
Transfer to statutory reserve [55.30% of net surplus for the year before honoraria and other payments]	-	30,911	-	-	-	30,911	-	-	-	(30,911)	(30,911)	-
Total transactions with members and movements in reserves	15,865	32,245	-	39,043	-	71,288	4,188	-	(5,758)	(38,641)	(40,211)	46,942
Balances at December 31, 2015	154,875	497,892	12,449	52,397	26,188	588,926	10,316	10,289	17,217	20,800	58,622	802,423

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

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

Statement of Changes in Equity (Continued)
December 31, 2016

	INSTITUTIONAL CAPITAL				NON-INSTITUTIONAL CAPITAL							
	Permanent shares \$'000 (note 18)	Statutory & legal reserve \$'000 (note 19)	General reserve \$'000 (note 19)	Business combination reserve \$'000 (note 19)	Retained earnings reserve \$'000 (note 19)	Total \$'000	Loan loss reserves \$'000 (note 20)	Fair value reserve \$'000 (note 20)	Other Non-qualifying reserve \$'000 (note 20)	Undistributed net surplus \$'000 (notes 20,21)	Total \$'000	Grand total \$'000
Balances at December 31, 2015	154,875	497,892	12,449	52,397	26,188	588,926	10,316	10,289	17,217	20,800	58,622	802,423
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	-	76,707	76,707	76,707
Other comprehensive income:												
Change in fair value of available-for-sale investments being total other comprehensive income	-	-	-	-	-	-	-	(762)	-	-	(762)	(762)
Total comprehensive income for the year												
Transactions with members and movements in reserves												
Entrance fees	-	1,329	-	-	-	1,329	-	-	-	-	-	1,329
Shares amount subscribed	6,619	-	-	-	-	-	-	-	-	-	-	6,619
Appropriation of net surplus for 2015:												
Dividends on membership qualification shares (note 18)	-	-	-	-	-	-	-	-	-	(7,800)	(7,800)	(7,800)
Shares issued on merger (note 30)	14,846	-	-	-	-	-	-	-	-	-	-	14,846
Transfer to loan loss reserve	-	-	-	-	-	-	19,639	-	-	(19,639)	-	-
Business combination reserve (note 30)	-	-	-	201,458	-	201,458	-	-	-	-	-	201,458
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	23	-	23	23
Share transfer fund	-	-	-	-	-	-	-	-	(276)	-	(276)	(276)
Disaster and social outreach fund	-	-	-	-	-	-	-	-	(1,664)	1,664	-	-
Scholarship fund	-	-	-	-	-	-	-	-	511	(511)	-	-
Transfer to statutory reserve [50.87% of net surplus for the year before honoraria and other payments]	-	46,221	-	-	-	46,221	-	-	-	(46,221)	-	-
Total transactions with members and movements in reserves	21,465	47,550	-	201,458	-	249,008	19,639	-	(1,406)	(72,507)	(8,053)	216,199
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

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, 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		76,707	45,703
Adjustments for:			
Depreciation	10	27,513	25,298
Amortisation and impairment	11	11,594	11,254
Loss/(gain) on disposal of property, plant and equipment		3,817	(269)
Impairment losses on loans	5	35,257	2,164
Interest income		(919,894)	(800,311)
Interest expense		247,202	268,685
		(517,804)	(447,477)
Changes in operating assets and liabilities			
Loans to members		(734,107)	(827,175)
Saving deposits		358,503	381,602
Voluntary shares & deferred shares		103,980	68,888
Other assets		20,909	(516)
Accruals		(13,151)	7,472
Payables		22,455	5,109
Other non-interest-bearing liabilities		2,363	(8,889)
Due to other institutions		(75,262)	(25,081)
Net cash used by operating activities		(832,114)	(846,067)
Interest received		925,605	800,202
Interest paid		(245,703)	(268,983)
		(152,211)	(314,848)
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial investments		(50,019)	289,853
Purchase of property, plant and equipment	10	(35,979)	(106,013)
Net cash and cash equivalents acquired in business combination	30(a) & (b)	184,496	34,569
Proceeds from disposal of property, plant and equipment		-	1,099
Purchase of intangible assets	11	(2,962)	(968)
Net cash provided by investing activities		95,536	218,540
CASH FLOWS FROM FINANCING ACTIVITIES			
Permanent shares		6,619	9,129
Entrance fees		1,329	1,334
Dividends on membership shares		(7,800)	(7,000)
Net cash provided by financing activities		148	3,463
Decrease in cash and cash equivalents		(56,528)	(92,845)
Cash equivalents at beginning of year		1,339,563	1,432,408
Cash equivalents at end of year		1,283,035	1,339,563
Comprised of:			
Liquid Assets: Earning	6	1,181,435	1,245,159
Liquid Assets: Non-earning	8	101,600	94,404
		1,283,035	1,339,563

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, 2016

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 June 1, 2015, the Co-operative merged its operations with ICD & Associates Co-operative Credit Union Limited [see note (30(b))].

On October 1, 2016, the Co-operative merged its operations with National Water Commission Co-operative Credit Union Limited [see note 30(a)].

Membership in the Co-operative is limited to:

(A) All registered societies and employees and ex-employees of:

- (i) Employees and ex-employees of Cable and Wireless and its successor and predecessor companies.
- (ii) Employees and ex-employees of corporate subscribers to telecommunication service in Jamaica.
- (iii) Persons living and working in the parish of Clarendon.
- (iv) Persons working in Marine and Allied Industries in Jamaica.
- (v) Registered societies.
- (vi) Minors, whether or not they are wards or children or grandchildren of members.
- (vii) Persons working, living or who were born in the parish of Westmoreland.
- (viii) Relatives and spouses of members. Relatives are specified as father, mother, son, daughter, grandfather, grandmother, 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 Limited and National Water commission Co-operative Credit Union Limited).

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

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 are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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, 2016

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

(a) Statement of compliance (continued):

New and amended standards effective during the year

Certain new and amended standards came into effect during the current financial year. The Co-operative has adopted the following amendments to standards, applicable to its operations, with an initial application of January 1, 2016. The nature and effect of the change is as follows:

- IAS 1, *Presentation of Financial Statements*, has been amended, effective for annual reporting periods beginning on or after January 1, 2016, to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
 - the order of notes to the financial statements is not prescribed;
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
 - specific criteria are now provided for presenting sub-totals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Co-operative are as follows:
 - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e., reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.
 - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

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CREDIT UNION LIMITED (C&WJCCUL)**

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Notes to the Financial Statements (Continued)

December 31, 2016

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

(a) Statement of compliance (continued):

New and amended standards effective during the year (continued)

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

The adoption of these amendments to standards did not result in any change to the presentation and disclosures in the financial statements.

New and amended standards issued but not yet effective

Certain new and amended standards which have been issued are not yet effective at the reporting date and the Co-operative has not early-adopted. The Co-operative has assessed the relevance of all such new and amended standards with respect to its operations and has determined that the following may be relevant:

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

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

(a) Statement of compliance (continued):

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

- IFRS 15, *Revenue from Contracts with Customers*, is effective for annual reporting periods beginning on or after January 1, 2018. It replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*.

The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

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

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

The Co-operative is assessing the impact that these new standards and amendments to standards will have on the financial statements when they are adopted.

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

(b) Basis of measurement:

(i) Basis of measurement

The financial statements have been prepared on the historical cost, except for available-for-sale financial assets which are stated at fair value except for those for which fair value is not readily available.

(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 4.

(iii) Functional and presentation currency

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

3. Significant accounting policies

(a) Loan to members and provisions for impairment losses:

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.

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.

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Notes to the Financial Statements (Continued)

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3. Significant accounting policies (continued)

(a) Loan to members and provisions for impairment losses (continued):

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.

Regulatory provisions are established 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.

(b) 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 measured at amortised cost.

(c) 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.

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.

(d) Investments:

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. 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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Notes to the Financial Statements (Continued)
December 31, 2016

3. Significant accounting policies (continued)

(d) Investments (continued):

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.

Held-to-maturity investments are carried 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.

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. They are initially measured at fair value plus incremental direct cost and subsequently, measured at amortised cost using the effective interest method.

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.

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.

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

(e) Employee benefits:

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.

(f) Other non-earning assets:

Other assets comprise receivables that are carried at amortised cost less impairment losses. An impairment loss is established when there is objective evidence that the Co-operative will not be able to collect all amounts due according to the original terms of the receivables. The amount of any provision is the difference between the carrying amount and the expected recoverable amount.

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Notes to the Financial Statements (Continued)
December 31, 2016

3. Significant accounting policies (continued)

(g) Property, plant and equipment:

(i) Measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see note 3(l)]. 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 over their expected useful lives. The annual rates are as follows:

Buildings	2%
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.

(h) Cash and cash equivalents:

Cash and cash equivalents 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.

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Notes to the Financial Statements (Continued)
December 31, 2016

3. Significant accounting policies (continued)

(i) Non interest-bearing liabilities:

Non-interest bearing liabilities, including provision, are 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.

(j) 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. Interest expense incurred thereon is recognised in surplus or deficit on the accrual basis using the effective interest method.

(k) 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.

(l) Impairment:

The carrying amounts of the Co-operative's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. Goodwill is tested annually for impairments. 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 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.

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. Any cumulative loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to surplus or deficit.

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Notes to the Financial Statements (Continued)
December 31, 2016

3. Significant accounting policies (continued)

(l) Impairment (continued):

(ii) Reversals of impairment

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.

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.

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

(m) Institutional capital:

Institutional capital includes retained earnings and other statutory and legals 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.

(n) 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 profit 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%.

(o) Members' shares:

(i) Permanent shares

Under the proposed Bank of Jamaica Credit Union regulations and International Financial Reporting Standards (IFRS), voluntary (ordinary) shares in the Co-operative can no longer be 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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Notes to the Financial Statements (Continued)

December 31, 2016

3. Significant accounting policies (continued)

(o) 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.

(p) Revenue recognition:

(i) Interest income

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.

(ii) Fees and commission

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.

(iii) Dividends

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

(q) League fees and stabilization dues:

JCCUL has fixed the rate of league fees at 0.20% (2015: 0.20%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2015: 0.15%) of total savings.

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Notes to the Financial Statements (Continued)

December 31, 2016

3. Significant accounting policies (continued)

(r) 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.

(s) 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.

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.

(t) 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 amortization and accumulated impairment losses and are deemed to have a finite useful life. The trademark recognised is fully impaired.

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

(t) Intangible assets (continued):

(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.

(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.

4. 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.

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 relates to impairment losses on loans to members. 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.

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Notes to the Financial Statements (Continued)
December 31, 2016
5. Loans to members

	<u>2016</u> \$'000	<u>2015</u> \$'000
Balance at beginning for year	5,204,957	4,237,815
Loans arising through business combination (note 30)	1,210,391*	161,484*
Loans granted	<u>3,657,972</u>	<u>3,474,546</u>
	10,073,320	7,873,845
Less: repayments and transfers	<u>(2,962,477)</u>	<u>(2,668,888)</u>
	<u>7,110,843</u>	<u>5,204,957</u>
Less: Provision for loan impairment	<u>(39,596)</u>	<u>(27,095)</u>
Provision for loan impairment arising through business combination	<u>(17,121)*</u>	<u>(1,313)*</u>
	<u>(56,717)</u>	<u>(28,408)</u>
	7,054,126	5,176,549
Loan interest receivable	<u>27,446</u>	<u>20,343</u>
Balance at end of year	<u>7,081,572</u>	<u>5,196,892</u>

* The net of \$1,210,391,000 (2015:\$161,484,000) and \$17,121,000 (2015:\$1,317,000) is \$1,193,270,000 (2015: \$160,167,000) which represents loans to members net of provision for impairment at note 30.

	<u>2016</u> \$'000	<u>2015</u> \$'000
Loans to members, before impairment, comprise:		
Motor vehicle loans	2,971,079	2,153,566
Cash secured loans	1,389,547	939,556
Home equity loans	579,252	570,059
Mortgage loans	584,932	567,462
Unsecured loans	1,353,876	802,505
Other loans	<u>232,157</u>	<u>171,809</u>
	<u>7,110,843</u>	<u>5,204,957</u>

The aggregate amount of non-performing loans on which interest is not being accrued amounted to \$119,577,000 (2015: \$86,133,000). Uncollected interest not accrued in these financial statements on these loans was estimated at \$4,729,000 (2015: \$6,382,000).

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Balance at beginning of year	28,408	46,663
Arising through business combination (note 30)	17,121	1,313
Charge for the year	35,257	2,164
Write-offs	<u>(48,124)</u>	<u>(41,216)</u>
Recoveries	<u>24,055</u>	<u>19,484</u>
Balance at end of year, being specific provision made	<u>56,717</u>	<u>28,408</u>

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 Notes to the Financial Statements (Continued)
 December 31, 2016

5. Loans to members (continued)

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

	2016				2015			
	Number in arrears	Loans in arrears \$'000	Rate %	Loan loss provision \$'000	Number in arrears	Loan loss arrears \$'000	Rate %	Loan loss provision \$'000
1 month	274	145,697	-	-	220	94,224	-	-
2 to 3 months	142	74,278	10	7,428	88	43,679	10	4,368
4 to 6 months	212	81,553	30	24,466	167	57,745	30	17,323
7 to 12 months	213	38,024	60	22,814	145	28,388	60	17,033
	<u>841</u>	<u>339,552</u>	-	<u>54,708</u>	<u>620</u>	<u>224,036</u>	-	<u>38,724</u>

Regulatory loan loss provision

General provision

IFRS provision

Loan loss reserve [note 20(a)]

The credit quality of the loans is summarised as follows:

Neither past due nor impaired

Past due but not impaired:

1 month

2 to 3 months

4 to 6 months

7 to 12 months

Individually impaired

Less provision for impairment losses

2016 \$'000	2015 \$'000
54,708	38,724
31,964	-
(56,717)	(28,408)
<u>29,955</u>	<u>10,316</u>

2016 \$'000	2015 \$'000
6,741,266	4,980,920
90,829	70,735
37,658	26,358
35,583	38,025
16,432	12,331
<u>189,075</u>	<u>76,587</u>
7,110,843	5,204,956
(56,717)	(28,408)
<u>7,054,126</u>	<u>5,176,548</u>

6. Earning assets - liquid assets

Savings account balances

Balances with JCCUL:

Cash

Securities purchased under resale agreements

Securities purchased under resale agreements-other

The Victoria Mutual Building Society deposit

Jamaica Money Market Brokers Limited Save Smart account

Barita Investments Limited Money Market Fund

Sagcor Investment Funds

2016 \$'000	2015 \$'000
<u>21,254</u>	<u>14,733</u>
252,741	214,330
595,013	770,752
245,543	203,634
44,629	23,866
16,614	15,586
2,602	2,258
<u>3,039</u>	<u>-</u>
<u>1,160,181</u>	<u>1,230,426</u>
<u>1,181,435</u>	<u>1,245,159</u>

The fair value due of the underlying securities used to collateralise the securities purchased under resale agreements was \$740,000,000 (2015: \$947,000,000).

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 Notes to the Financial Statements (Continued)
 December 31, 2016

7. Earning assets - financial investments
Held-to-maturity:

	<u>2016</u> \$'000	<u>2015</u> \$'000
Government of Jamaica benchmark investment notes	727,664	712,001
Corporate bond		
National Road Operating and Constructing Company Limited (NROCC) 9.375% FR 2024	52,374	49,189
Government of Jamaica Eurobonds 10.625% FR 2017	27,776	26,639
Deferred shares:		
COK Solidarity Co-operative Credit Union Limited	20,000	20,000
FHC Co-operative Credit Union Limited	20,000	-
The Victoria Mutual Building Society	50,000	50,000
Certificates of deposit (maturity date greater than 9 months)	206,936	188,063
Corporate note	9,068	-
	<u>1,113,818</u>	<u>1,045,892</u>

Available-for-sale

Quoted equities	40,719	21,846
Units held in Jamaica Unit Trust	44	39
Unquoted equities:		
Credit Union Fund Management Company Limited	72,290	72,290
Caribbean Assurance Brokers Limited	5,585	5,585
Jamaica Co-operative Credit Union League Limited [note (a)]	12,045	8,030
Quality Network Co-operative Limited ("QNET")	17,187	15,641
Mid-Island Packing & Processing Company Limited	4,000	4,000
Jamaica Co-operatives Insurance Agency Limited	10,500	10,500
	<u>162,370</u>	<u>137,931</u>
	<u>1,276,188</u>	<u>1,183,823</u>

(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.

8. Non-earning liquid assets

	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash balances	65,044	42,774
Current account balance	36,556	51,630
	<u>101,600</u>	<u>94,404</u>

9. Other assets

	<u>2016</u> \$'000	<u>2015</u> \$'000
Interest receivable	27,856	34,301
Other receivables	8,207	11,534
	<u>36,063</u>	<u>45,835</u>

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10. 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, 2014	413,992	13,576	98,173	108,194	8,417	11,536	653,888
Additions	25,878	11,686	13,207	7,928	-	47,314	106,013
Transfer	33,727	-	-	-	-	(33,727)	-
Acquisition through business combination (note 30)	28,681	-	885	5,563	-	-	35,129
Disposals/write-offs	-	(8,129)	(193)	(1,764)	-	-	(10,086)
December 31, 2015	502,278	17,133	112,072	119,921	8,417	25,123	784,944
Additions	276	-	11,741	16,767	-	7,195	35,979
Transfer	19,999	-	2,443	-	-	(22,442)	-
Acquisition through business combination (note 30)	66,307	-	8,038	12,971	1,838	-	89,154
Disposals/write-offs	-	(6,495)	(1,597)	(13,664)	-	-	(21,756)
December 31, 2016	588,860	10,638	132,697	135,995	10,255	9,876	888,321
Depreciation:							
December 31, 2014	23,366	10,825	39,150	87,936	2,946	-	164,223
Acquisition through business combination (note 30)	-	-	697	4,148	-	-	4,845
Charge for the year	6,519	3,137	5,940	9,155	547	-	25,298
Eliminated on disposals/write-offs	-	(8,043)	(314)	(900)	-	-	(9,257)
December 31, 2015	29,885	5,919	45,473	100,339	3,493	-	185,109
Acquisition through business combination (note 30)	4,570	-	4,878	6,341	76	-	15,865
Charge for the year	8,078	2,812	6,880	9,242	501	-	27,513
Eliminated on disposals/write-off	(2,048)	(2,273)	(3,025)	(10,593)	-	-	(17,939)
December 31, 2016	40,485	6,458	54,206	105,329	4,070	-	210,548
Net book values:							
December 2016	548,375	4,180	78,491	30,666	6,185	9,876	677,773
December 2015	472,393	11,214	66,599	19,582	4,924	25,123	599,835

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 December 31, 2016

11. Intangible assets

	Trademarks	Goodwill	Customer relationships	Core deposits	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
December 31, 2014	2,430	11,146	63,921	-	49,615	127,112
Additions	-	-	-	-	968	968
Acquisitions through business combination (note 30)	-	4,663	10,420	-	1,957	17,040
December 31, 2015	2,430	15,809	74,341	-	52,540	145,120
Additions	-	-	-	-	2,962	2,962
Transfers	-	-	(10,420)	10,420	-	-
Acquisitions through business combination (note 30)	-	38,204	-	29,234	12,940	80,378
December 31, 2016	2,430	54,013	63,921	39,654	68,442	228,460
Amortisation:						
December 31, 2014	2,430	-	7,103	-	39,242	48,775
Charge for the year	-	-	5,833	-	5,421	11,254
Acquisitions through business combination (note 30)	-	-	-	-	1,521	1,521
December 31, 2015	2,430	-	12,936	-	46,184	61,550
Charge for the year	-	-	7,064	-	4,530	11,594
Transfers	-	-	(1,375)	1,375	-	-
Acquisitions through business combination (note 30)	-	-	-	-	10,327	10,327
December 31, 2016	2,430	-	18,625	1,375	61,041	83,471
Net book values:						
December 2016	-	54,013	45,296	38,279	7,401	144,989
December 2015	-	15,809	61,405	-	6,356	83,570

12. Voluntary shares

	2016 \$'000	2015 \$'000
Balance at beginning of year	1,883,580	1,690,670
Arising through business combination [note 30(a) & 30(b)]	862,308	121,399
Amount subscribed	2,908,329	2,833,876
Interest capitalised	10,972	16,400
	5,665,189	4,662,345
Withdrawals and transfers	(2,816,630)	(2,778,765)
Balance at end of year	2,848,559	1,883,580

Voluntary shares are issued at a par value of \$2 per share. Interest is paid at a rate of 0.5% (2015:1%) per annum.

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**Notes to the Financial Statements (Continued)
December 31, 2016**
13. Deferred shares

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Fixed rate (i)	2,062	753
Variable rate (ii)	<u>300,000</u>	<u>300,000</u>
	<u>302,062</u>	<u>300,753</u>

(i) These shares are 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 were issued on May 31, 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 twelve (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%). 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.

14. Saving deposits

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Salary deposits	135,835	119,837
Ordinary deposits	765,406	637,307
Golden harvest deposits	823,361	657,958
Golden archer deposits	665,744	615,053
Special fixed deposits	2,557,705	2,419,283
Mortgage deposits	53,789	11,319
Long-term savings deposits	113,589	119,165
Early bird savings	59,208	53,586
Partner savings accounts	77,389	48,351
High yield savings accounts	191,921	205,263
Other deposits	<u>446,415</u>	<u>262,582</u>
	<u>5,890,362</u>	<u>5,149,704</u>

15. Due to other institutions

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Jamaica Urban Transit Company (JUTC) revolving loan fund	5,000	5,000
Cable & Wireless Jamaica pension fund	-	25,149
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	5,963
JAMALCO Foundation fund	2,305	7,537
Shipping Association of Jamaica staff fund	3,000	3,000
National Water Commission (NWC) fund	<u>19,822</u>	-
	<u>42,748</u>	<u>52,461</u>

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Notes to the Financial Statements (Continued)

December 31, 2016

15. Due to other institutions (continued)

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.

16. Payables

	<u>2016</u> \$'000	<u>2015</u> \$'000
Withholding tax	6,854	7,077
Statutory contributions	21,386	15,771
Pensions contributions payable	1,336	1,361
Sundry credit balances	<u>38,322</u>	<u>21,234</u>
	<u>67,898</u>	<u>45,443</u>

17. Other non-interest bearing liabilities

	<u>2016</u> \$'000	<u>2015</u> \$'000
Advances - Cable & Wireless Jamaica Limited	58,879	58,879
Standing orders/members holding account	5,079	5,079
Sundry payables	2,284	7,989
Estate - deceased members	27,695	12,707
Death benefits	11,608	11,608
Refundable to former members	7,254	7,179
Miscellaneous	<u>33,076</u>	<u>40,070</u>
	<u>145,875</u>	<u>143,512</u>

18. Permanent shares

<u>2016</u> \$'000	<u>2015</u> \$'000
<u>176,340</u>	<u>154,875</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 3(o)(i)].

In a meeting of the Board of Directors held on March 31, 2016 (2015: February 28, 2015) a dividend of \$ 7,800,000 (2015: \$ 7,000,000) representing approximately 5% (2015: 5%) of the value of the membership qualification shares was declared.

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Notes to the Financial Statements (Continued)
December 31, 2016

19. Institutional capital

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Statutory and legal reserve (i)	545,442	497,892
General reserve (ii)	12,449	12,449
Business combination reserve (iii)	253,855	52,397
Retained earnings reserve (iv)	<u>26,188</u>	<u>26,188</u>
	<u>837,934</u>	<u>588,926</u>

(i) Statutory and legal reserve

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	497,892	465,647
Transfer for the year 50.87% (2015: 55.30%) of net surplus	46,221	30,911
Entrance fees	<u>1,329</u>	<u>1,334</u>
Balance at end of year	<u>545,442</u>	<u>497,892</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.

(iii) 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.

(iv) Retained earnings reserve

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

20. Non-institutional capital

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Loan loss reserve (a)	29,955	10,316
Fair value reserve (b)	9,527	10,289
Other non-qualifying reserves (c) (note 21)	15,811	17,217
Undistributed net surplus	<u>25,000</u>	<u>20,800</u>
	<u>80,293</u>	<u>58,622</u>

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Notes to the Financial Statements (Continued)
 December 31, 2016

20. Non-institutional capital (continued)

(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 and the Co-operative's policies over the amount determined under IFRS.

(b) Fair value reserve:

This represents the unrealised surplus or deficit on the revaluation of 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.

21. Other non-qualifying reserves

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Special reserve	10	10
Scholarship fund	4,182	3,671
Disaster and social outreach fund	5,534	7,198
Education reserve	147	147
Development fund	300	300
Share transfer fund [note 3(o)(i)]	2,901	3,177
Leslie Mills Trust fund	<u>2,737</u>	<u>2,713</u>
	<u>15,811</u>	<u>17,216</u>

22. Other financial costs

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Life savings and loan protection insurance	20,509	17,364
Golden harvest insurance	3,160	2,994
Bonding insurance	4,505	3,738
Bank charges	10,080	8,039
CUETS fees	6,718	6,057
Other financial cost	<u>190</u>	<u>170</u>
	<u>45,162</u>	<u>38,362</u>

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 Notes to the Financial Statements (Continued)
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23. Other non-interest income

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Commission on bill collections & remittance services	7,159	7,193
Gains on sale of property, plant and equipment	-	1,011
Gains on foreign exchange	18,672	8,646
Gains on sale of investments	5,250	-
Family Indemnity Plan commission	5,061	4,031
Dividends on equity investments	1,341	860
Miscellaneous	<u>7,466</u>	<u>11,937</u>
	<u>44,949</u>	<u>33,678</u>

24. Operating expenses
Personnel expenses

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Employee salaries and allowances	326,471	280,599
Employee benefits	77,799	49,417
Pension contribution	12	11
Education & training	2,080	2,761
Staff travel & related expenses	<u>2,046</u>	<u>2,372</u>

408,408 335,160
Administrative expenses

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Merger expense	16,721	5,505
Utilities	31,298	27,860
Depreciation	27,513	25,298
Audit fees - current year	5,631	4,125
- prior year	-	1,607
Professional fees	11,632	1,897
Repairs & maintenance (office)	23,364	20,996
Janitorial & security	50,379	47,494
Vehicle expenses	2,511	2,175
Telecommunications	20,177	21,552
Printing, stationery & supplies	18,404	18,164
Data processing	28,901	27,132
Insurance premiums	4,634	5,122
Amortisation of intangible assets	11,594	11,254
Impairment charges on intangible asset	-	2,060
Subscriptions & other administrative expenses	<u>10,873</u>	<u>10,630</u>

263,632 232,871
Marketing and promotion:

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Publicity & promotion	<u>34,541</u>	<u>36,093</u>

Carried forward to page 69

706,581 604,124

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Notes to the Financial Statements (Continued)
December 31, 2016

24. Operating expenses (continued)

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Representation & affiliation

League and other dues

Seminars and meetings

Committees

Annual general meeting

TOTAL OPERATING EXPENSES

<u>2016</u>	<u>2015</u>
<u>\$'000</u>	<u>\$'000</u>
706,581	604,124
27,468	25,449
13,295	11,489
11,895	8,109
6,813	6,162
59,471	51,209
766,052	655,333

25. Comparison of ledger balances

	<u>Voluntary</u>	<u>Savings</u>	<u>Loans</u>
	<u>shares</u>	<u>deposits</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
December 31, 2016:			
General ledger	2,848,559	5,149,704	7,094,934
Personal ledger	2,848,559	5,149,704	7,094,934
Difference	-	-	-
December 31, 2015:			
General ledger	1,883,580	5,149,704	5,196,892
Personal ledger	1,883,580	5,149,704	5,196,009
Difference	-	-	883

26. 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:

(a) Loan balances (including interest)

Board and committee members

Other key management personnel

(b) Deposits (including interest)

Board and committee members

Other key management personnel

<u>2016</u>	<u>2015</u>
<u>\$'000</u>	<u>\$'000</u>
42,760	53,221
14,675	18,414
32,697	55,261
8,518	3,094

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26. Related party transactions (continued)

(b) Deposits (including interest) (continued)

No waivers were granted in respect of these loans. At December 31, 2016, 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>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and other short-term benefits	29,145	26,297

27. Life savings and loan protection insurance

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

28. Fidelity insurance

Fidelity insurance coverage was adequately maintained during the year.

29. 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.

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Notes to the Financial Statements (Continued)

December 31, 2016

29. Financial risk management (continued)

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.

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.

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Notes to the Financial Statements (Continued)
December 31, 2016

29. Financial risk management (continued)

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

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

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.

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.

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29. Financial risk management continued)

(a) Credit risk (continued):

(i) Loans to members and guarantees (continued)

Impaired loans

Impaired loans are loans for which the Co-operative determines that it is probable that it will be unable to collect all principal and interest due in accordance with the contractual terms of the loan.

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.

Allowance for impairment

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 computation exceeds the accounting standards the additional allowance is treated as an appropriation and taken to reserves.

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.

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29. 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, 2016 was approximately 17% (2015: 27%) 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.

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29. Financial risk management (continued)

(b) Liquidity risk (continued):

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.

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, 2016								
Saving deposits	1,882,913	399,072	684,497	2,947,368	-	5,913,850	5,890,362	
Due to other institutions	-	-	-	-	42,784	42,784	42,748	
Other liabilities	-	-	-	-	321,322	321,322	321,322	
Voluntary shares	-	-	-	2,848,559	-	2,848,559	2,848,559	
Deferred shares	5,815	3,876	302,062	-	-	311,753	302,062	
Total financial liabilities	1,888,728	402,948	986,559	5,795,927	364,106	9,438,268	9,405,053	
As at December 31, 2015								
Saving deposits	2,078,933	385,661	777,123	1,953,300	-	5,195,017	5,149,704	
Due to other institutions	-	-	-	-	52,461	52,461	52,461	
Other liabilities	-	-	-	-	260,597	260,597	260,597	
Voluntary shares	-	-	-	1,883,580	-	1,883,580	1,883,580	
Deferred shares	6,096	4,064	300,752	-	-	31,092	300,753	
Total financial liabilities	2,085,029	389,725	1,077,875	3,836,880	313,058	7,702,567	7,647,095	

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29. 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 Jamaican 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>2016</u> \$'000	<u>2015</u> \$'000
United States dollar (USD) - Liquid assets	985	762
- Financial investments	1,609	874
Canadian dollar (CDN) - Liquid assets	17	14
Pounds sterling (GBP) - Liquid assets	<u>1</u>	<u>9</u>

Sensitivity analysis

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

	<u>US \$</u>	<u>CAD \$</u>	<u>UK £</u>
March 25, 2017	127.45	92.46	154.25
December 31, 2016	127.48	94.41	157.03
December 31, 2015	<u>119.64</u>	<u>87.47</u>	<u>175.74</u>

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29. 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.

<u>Currency</u>	2016		2015	
	<u>Strengthening/ (Weakening)</u> %	<u>Effect on surplus and equity</u>	<u>Strengthening/ (Weakening)</u> %	<u>Effect on surplus and equity</u>
USD	1 (6)	(3,308) 19,844	1 (8)	(1,957) 15,659
CDN	1 (6)	(17) 102	1 (8)	(12) 98
GBP	1 (6)	(2) 15	1 (8)	(15) 120

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

(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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29. 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.

	2016					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	44,921	7,036,651	-	-	-	-	7,081,572
Liquid assets	1,042,785	138,650	-	-	-	-	1,181,435
Financial investments	350,634	143,776	284,873	244,578	252,327		1,276,188
Non-earning liquid assets	-	-	-	-	101,600		101,600
Other assets	-	-	-	-	36,063		36,063
Total financial assets	1,438,340	7,319,077	284,873	244,578	389,990		9,676,858
Liabilities:							
Saving deposits	2,144,908	3,745,454	-	-	-		5,890,362
Due to other institutions	-	-	42,748	-	-		42,748
Other liabilities	-	-	-	-	321,322		321,322
Voluntary shares	-	2,848,559	-	-	-		2,848,559
Deferred shares	-	302,062	-	-	-		302,062
Total financial liabilities	2,144,908	6,896,075	42,748	-	321,322		9,405,053
Total interest rate sensitivity gap	(706,568)	423,002	242,125	244,578	68,668		271,805
Cumulative interest rate sensitivity gap	(706,568)	(283,566)	(41,441)	203,137	271,805		-

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29. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued)

	2015					Total carrying amount
	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	
Assets						
Loans to members	39,248	5,157,644	-	-	-	5,196,892
Liquid assets	830,570	414,589	-	-	-	1,245,159
Financial investments	311,300	308,197	288,594	137,800	137,932	1,183,823
Non-earning liquid assets	-	-	-	-	94,404	94,404
Other assets	-	-	-	-	45,835	45,835
Total financial assets	1,181,118	5,880,430	288,594	137,800	278,171	7,766,113
Liabilities:						
Saving deposits	1,878,857	3,270,847	-	-	-	5,149,704
Due to other institutions	-	-	52,461	-	-	52,461
Other liabilities	-	-	-	-	260,597	260,597
Voluntary shares	-	1,883,580	-	-	-	1,883,580
Deferred shares	-	300,753	-	-	-	300,753
Total financial liabilities	1,878,857	5,455,180	52,461	-	260,597	7,647,095
Total interest rate sensitivity gap	(697,739)	425,250	236,133	137,800	17,574	119,018
Cumulative interest rate sensitivity gap	(697,739)	(272,489)	(36,356)	101,444	119,018	-

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 Notes to the Financial Statements (Continued)
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29. Financial risk management (continued)
(c) Market risk (continued):
(ii) Interest rate risk (continued)

The sensitivity of the 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 2015.

	Effect on net surplus 2016	Effect on net surplus 2015
Change in basis points:		
150 bp decrease (2015: 150bp decrease)	2,778	(1,014)
100 bp increase (2015: +100bp increase)	(1,852)	1,522
(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% (2015: 20%) 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 \$4,072 (2015: \$4,369).

(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.

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.
- Documentations of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.

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Notes to the Financial Statements (Continued)
 December 31, 2016

29. Financial risk management (continued)

(d) Operational risk (continued):

- 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 12.54% (2015: 12.35%) which is in compliance with the requirements.

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 13.

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:

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29. Financial risk management (continued)
(e) Capital management (continued):

	2016		2015	
	<u>Actual</u> \$'000	<u>Required</u> \$'000	<u>Actual</u> \$'000	<u>Required</u> \$'000
Total regulatory capital (including deferred shares)	<u>1,268,053</u>	<u>838,158</u>	<u>1,043,801</u>	<u>675,961</u>
Total capital ratio	<u>12.54%</u>	<u>8%</u>	<u>12.35%</u>	<u>8%</u>

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) 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>WCCUL</u> \$'000	<u>ICDCCUL</u> \$'000	<u>NWCCUL</u> \$'000
Statutory reserves	56,577	19,395	87,636
General reserves	21,971	10,952	289
Retained earnings reserves	<u>59,765</u>	<u>-</u>	<u>71,924</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

(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.

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Notes to the Financial Statements (Continued)
December 31, 2016

29. Financial risk management (continued)

(f) Fair value of financial instruments (continued):

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.

No fair values are available for the Co-operative's investment in unquoted equities. These are primarily held in Jamaica Co-operative Credit Union League and its related entities. 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)
 December 31, 2016

29. 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 financial 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 approximation of fair values.

	December 31, 2016				
	Carrying amount		Fair value		
	Held-to-maturity \$'000	Loans and receivables \$'000	Available-for-sale \$'000	Other financial liabilities \$'000	Total \$'000
Financial assets measured at fair values					
Available-for-sale investments	-	-	40,763	-	40,763
Financial assets not measured at fair value					
Loans to members	-	7,081,572	-	-	7,081,572
Earning liquid assets	-	1,181,435	-	-	1,181,435
Financial investments	1,113,818	-	121,607	-	1,235,425
Other assets	-	36,063	-	-	36,063
Non-earning liquid assets	-	101,600	-	-	101,600
	1,113,818	8,400,670	121,607	-	9,636,095
	1,113,818	8,400,670	162,370	-	9,676,858
Financial liabilities not measured at fair value					
Voluntary shares				2,848,559	2,848,559
Deferred shares				302,062	302,062
Saving deposits				5,890,362	5,890,362
Due to other institutions				42,748	42,748
Non-interest bearing liabilities				321,322	321,322
				9,405,053	9,405,053
					1,138,481
					40,719
					44
					-
					40,763

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Notes to the Financial Statements (Continued)
December 31, 201629. Financial risk management (continued)

(f) Fair value of financial instruments (continued):

(i) Accounting classifications and fair values (continued)

	December 31, 2015								
	Carrying amount			Fair value					
	Held-to maturity \$'000	Loans and receivables \$'000	Available-for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair values									
Available-for-sale investments	-	-	21,885	-	21,885	21,846	39	-	21,885
Financial assets not measured at fair value									
Loans to members	-	5,196,892	-	-	5,196,892				
Earning liquid assets	-	1,245,159	-	-	1,245,159				
Financial investments	1,045,892	-	116,046	-	1,161,938		1,199,721		
Other assets	-	45,835	-	-	45,835				
Non-earning liquid assets	-	94,404	-	-	94,404				
	1,045,892	6,582,290	116,046	-	7,744,228				
	1,045,892	6,582,290	137,931	-	7,766,113				
Financial liabilities not measured at fair value									
Voluntary shares	-	-	-	1,883,580	1,883,580				
Deferred shares	-	-	-	300,753	300,753				
Saving deposits	-	-	-	5,149,704	5,149,704				
Due to other institutions	-	-	-	52,461	52,461				
Non-interest bearing liabilities	-	-	-	260,597	260,597				
	-	-	-	7,647,095	7,647,095				

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29. 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 hierarchy are detailed below. There were no significant unobservable inputs used.

<u>Financial assets</u>	<u>Method</u>
Government of Jamaica J\$ securities and Bank of Jamaica securities	<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 US\$ 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.

30. Business combinations

- (a) The Community & Workers of Jamaica Co-operative Credit Union Ltd (C&WJCCUL), by way of special resolutions passed on May 21, 2016, 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 18, 2016 by the National Water Commission Credit Union Limited (NWCCUL), effective October 1, 2016. The National Water Commission Credit Union Limited therefore ceased to exist as of September 30, 2016.

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 NWCCUL exchanged only equity interest, goodwill is determined using the acquisition date fair value of the C&WJCCUL's interest in NWCCUL in place of the acquisition-date fair value of the consideration transferred.

The goodwill arising on the acquisition amounted to \$38.204M. 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 \$16.721M have been charged to operating expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2016.

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, 2016

30. Business combinations (continued)

(a) (Continued)

The revenue included in the statement of profit or loss and other comprehensive income since October 1, 2016 was \$38.7M and surplus for the same period totalled \$15M. Had the business combination occurred from January 1, 2016, the statement of profit or loss and other comprehensive income would show revenue of \$155M and profit of \$59.8M.

Details of net assets acquired and net cash outlay on acquisition are as follows:

	<u>Fair value</u> \$'000
Net assets arising on the acquisition:	
Liquid assets – earning assets	41,631
Intangible assets	31,847
Financial investments	182,524
Loans to members	1,193,270
Cash in hand and at bank	1,972
Other assets	11,137
Property, plant and equipment	73,289
Due to other institutions	(64,754)
Saving deposits	(381,450)
Voluntary shares	(862,308)
Other liabilities	(49,058)
Net assets acquired	178,100
Goodwill acquired	38,204
Deemed value of consideration	216,304
Permanent shares issued	14,846
Business combination reserve	201,458
	216,304
Cash reserves acquired on acquisition:	
Liquid earning assets	182,524
Cash in hand and at bank	1,972
Cash and cash equivalents included in the statement of cash flows	184,496

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, 2016

30. Business combinations (continued)

- (b) The Community & Workers of Jamaica Co-operative Credit Union Ltd (C&WJCCUL), by way of special resolutions passed on May 2, 2015, 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 August 28, 2014 by the ICD Co-operative Credit Union Limited (ICDCCUL), effective June 1, 2015. The ICD Co-operative Credit Union Limited therefore ceased to exist as of May 31, 2015.

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 the ICDCCUL exchanged only equity interest, goodwill is determined using the acquisition date fair value of the C&WJCCUL's interest in ICDCCUL in place of the acquisition-date fair value of the consideration transferred.

The goodwill arising on the acquisition amounted to \$4.663M. 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 \$5.5M have been charged to operating expenses in the statement of profit or loss and other comprehensive surplus for the year ended December 31, 2015.

The revenue included in the statement of profit or loss and other comprehensive income since June 2015 was \$17.1M, and surplus for the same period totalled \$0.954M. Had the business combination occurred from January 1, 2015, the statement of profit or loss and other comprehensive income would show revenue of \$32.2M and a deficit of \$10M.

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, 2016

30. Business combinations (continued)

(b) (Continued)

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	31,543
Intangible assets	10,856
Financial investments	4,531
Loans to members	160,167
Cash in hand and at bank	3,026
Other assets	4,544
Property, plant and equipment	30,283
Due to other institutions	(30,362)
Saving deposits	(46,942)
Voluntary shares	(121,399)
Other liabilities	(7,917)
Net assets acquired	38,330
Goodwill acquired	4,663
Deemed value of consideration	42,993
Permanent shares issued	3,950
Business combination reserve	39,043
	42,993
Cash reserves acquired on acquisition:	
Liquid earning assets	31,543
Cash in hand and at bank	3,026
Cash and cash equivalents included in the statement of cash flows	34,569

Report of the Credit Committee for the year ending December 31, 2016

The year ended December 31, 2016 was another exciting year for the Credit Union. Despite increased competition, the Credit Union showed innovation and resilience to maintain relevance in the market place. During the year, the Credit Union constantly reviews its policies and procedures to ensure the loan products are dynamic enough to enhance the financial wellbeing of our members. 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>
Mr. Austin Brown	<i>Member</i>
Mr. Bornette Donaldson	<i>Member</i>
Miss Natalie Stanford	<i>Member</i>

At our AGM held on May 21, 2016 Mr. Austin Brown and Miss Natalie Stanford were elected to serve for two years. Mrs. Judith Cawley and Miss June Matthews would each serve another year. Mr. Bornette Donaldson resigned from the committee and Mrs. Norma Warburton from the then NWC Co-operative Credit Union joined the committee in October 2016.

The Credit Committee met and decided that Mrs. Judith Cawley and Mrs. June Matthews would continue as Chairperson and Secretary respectively. They also would 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 15,827 loans, an increase of 576 or 3.78% over the previous

year. The total value of loans disbursed during the period was \$3.551 billion coming from \$3.122 billion in 2015, an increase of 13.74%. The most popular categories of loans approved were the Cash Secured Loans with 8,232 disbursed for the period with a value of \$845.68 million. The Unsecured loans were next with 6,272 loans approved valued at \$1.189 billion. The Motor Vehicle loans accounted for the largest disbursed value, with 631 loans disbursed with a value of \$1.192 billion. There were 19 Mortgage Loans disbursed with a value of \$69.44 million.

Credit Committee Oversight responsibility

The Credit Committee continues to exercise oversight responsibility for loans approved by the Loans Committee and Loans Officers. In carrying out this role, the Credit Committee reviewed a total of 492 randomly selected loans with a value of approximately \$544 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.

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 continues to perform effectively.

Loans Approved by the Credit Committee

The Credit Committee approved loans which exceeded the authority of the Loans Committee and loans referred by the Loans Committee for special attention. A total of Fifteen (15) such loans valuing approximately \$56 million were referred to us. All of these loans were approved by the Credit Committee.



**Austin
Brown**

**June
Matthews**

**Judith
Cawley**

**Natalie
Stanford**

**Norma
Warburton**

Report of the Credit Committee - Continued

Attendance Analysis for 2016

The Credit Committee held 48 meetings for 2016 and the attendance of the members are shown below.

MEMBERS	ATTENDANCE			
	Possible	Actual	Absent	Excused
Austin Brown	48	47	1	1
Natalie Standford	48	47	1	1
June Matthews	48	46	2	2
Judith Cawley	48	44	4	4
Bornette Donaldson	19	19	-	-
Norma Warburton	11	10	1	1

Loan Portfolio

At year-end the Credit Union's loan portfolio consisted of 17,622 loans valued at \$7.11 billion. The total loan balance outstanding moved from \$5.20 billion in 2015 to \$7.11 billion at the end of 2016 representing an increase of 36.73%.

The Credit Committee is pleased to note that the Credit Union continued to be responsive to needs of our members by providing a variety of secured and unsecured loans. To achieve its lending objectives, the Credit Union embarked on one major loan promotion which was deemed very successful.

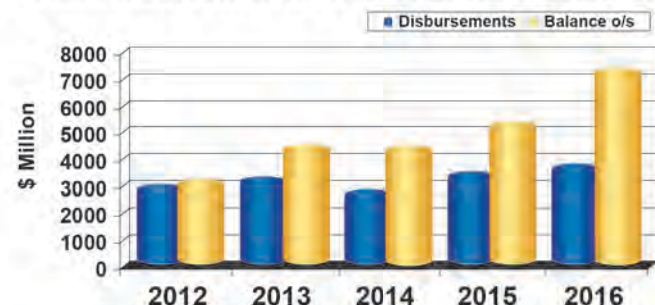
The Unsecured Loans accounted for 9,038 of the 17,622 loans in the portfolio (51.29%), with a value of \$1.354 billion representing 19.04% of the portfolio balance as at December 31, 2016. Another popular category for the year 2016 was the Cash Secured Loans, at year end, the portfolio consisted of 5,478 of these loans with a value of \$1.389 billion representing 19.54% of the portfolio balance.

The Motor Vehicle loans accounted for the largest share of the portfolio value accounting for 41.78% with balance outstanding of \$2.971 billion.

The Mortgage Loan Portfolio moved from \$567.46 million in 2015 to \$584.93 million in December 2016, an increase of 3.08%.

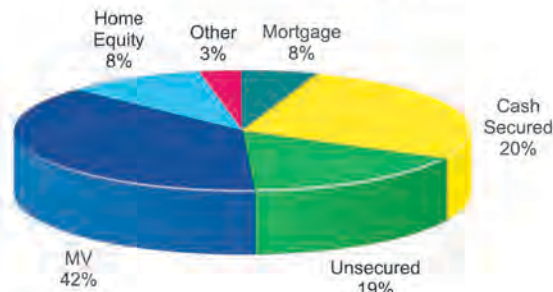
The chart below shows the value of loans disbursed and the outstanding balance of the Credit Union's loan portfolio over the last 5 years.

Loan Disbursements and Balance Outstanding

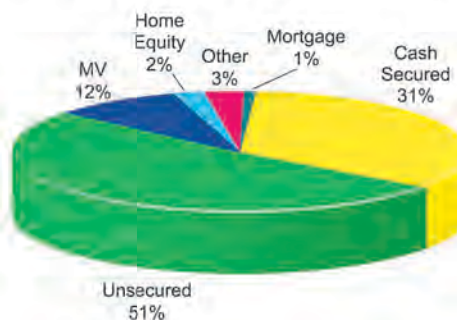


The charts below show the composition of the loan portfolio by the main loans types to their balances and number of loans outstanding at year end.

Loan Balance O/S Classified by Main Types - VALUES



Loan Balance O/S Classified by Main Types - NUMBERS



Additional Information

Members of the committee also participated in the following activities during the year under review:

- Training under the Proceeds of Crime Act (POCA).
- Committee member Mr. Austin Brown attended the retreat of the Board of Directors in October 2016.

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.

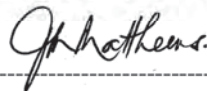
Report of the Credit Committee - Continued

- d) A special thanks to the Credit Manager and her Assistant 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, sincere thanks to the hardworking 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, 2016

On May 21st, 2016 the following volunteers, were duly elected to serve on the Supervisory Committee for a term of one year:

■ Shauneil James	<i>Chairman</i>
■ Shorna Anderson	<i>Secretary</i>
■ Alecia Allen	<i>Member</i>
■ Carla Davy	<i>Member</i>
■ Ashlyn Malcolm	<i>Member</i>
■ Rohan Saunders	<i>Member</i>
■ Shackera Williams	<i>Member</i>
■ Hortense Hylton - NWCCUL Nominee	<i>Member</i>
■ Wembley McGowan - NWCCUL Nominee	<i>Member</i>

The Committee

The Credit Union's governance model requires that the Supervisory Committee independently monitor the affairs of the Credit Union, which includes but not limited to the activities of the Board of Directors, Management and Members of Staff. In fulfilling our duties, a 'risk based' programme of reviews were undertaken to test and evaluate the effectiveness of the Credit Union's policies, procedures, internal controls and management practices towards safeguarding members' assets. These reviews were facilitated through the focused work accomplished by the Internal Audit Department.

Areas Reviewed

The Institute of Internal Audit (IIA) Standards were used in conducting and performing the internal audit reviews. 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.

During the year, the Supervisory Committee held monthly meetings to discuss the observations and findings from the reviews and present the Board of Directors with a comprehensive monthly report. Over the period, the Committee reviewed the following areas across the Credit Union's operations:

Accounts & Finance

- Investments and Interest Income
- Liquidity Management
- Capital Management
- Regulatory Compliance
- Bank Reconciliation
- Fixed Assets
- Operating Expense

Customer Service & Operations

- Loans
- Arrears Management/Loan Delinquency
- Loan Delinquency Write Offs
- Shares, Savings and Deposits
- Cambio Operations
- Anti-Money Laundering & POCA Compliance
- Branch Reviews – 18 Branch Locations
- Cash Counts – 18 Branch Locations



Alecia Allen
(Member)

Rohan Saunders
(Member)

Shackera Williams
(Member)

Shorna Anderson
(Secretary)

Shauneil James
(Chairman)

Wembley McGowan
(Member)

Carla Davy
(Member)

Ashlyn Malcolm
(Member)

Hortense Hylton
(Member)

Report of the Supervisory Committee - Continued

Information Technology

Information Technology System Review

At the request of Management, a special review over the operations at a specific branch was conducted. The concern raised was the lack of consistent adherence to operating procedures and controls. This matter remained an open review at the end of the reporting period and is being actively monitored by the Management team and the Board of Directors.

Meeting Attendance Record

The table below summarizes the attendance record of the Supervisory Committee members.

Committee Member	Possible Meetings	Meetings Attended	Absent / Excused
Shauneil James	12	12	Nil
Ashlyn Malcolm	12	10	2
Alecia Allen	12	9	3
Shackera Williams	12	9	3
Shorna Anderson	12	9	3
Rohan Saunders	7	6	1
Carla Davy	7	4	3
Hortense Hylton	3	3	Nil
Wembley McGowan	3	3	Nil
Dionne Mason-Gordon	5	3	2
Darren Brown	5	5	Nil
Sean Smith	5	4	1

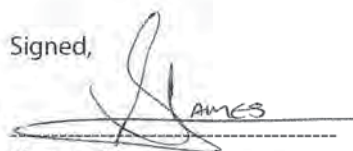
Note: Dionne Mason-Gordon, Darren Brown and Sean Smith retired from the Supervisory Committee at the 52nd Annual General Meeting by virtue of term limits.

Conclusion

The Supervisory Committee is pleased to report that the work conducted by the Internal Audit Department disclosed no systematic shortcomings in internal controls and no significant error or discrepancies relating to the operations of the Credit Union. The Credit Union continues to demonstrate a satisfactory level of compliance with their policies, procedures and regulatory requirements.

The Supervisory Committee wishes to express our appreciation to the Board of Directors, Management and Staff of the Credit Union for their assistance and cooperation during the year and a special thanks to you the members who have entrusted us with this important responsibility of being the stewards over your interest.

Signed,



Shauneil James
Chairman

Report of the League Delegates to the 53rd Annual General Meeting



Carlton Barclay



Pete Smith

Mr. Pete Smith, President and Mr. Barrington Whyte, CEO, were elected as delegates to the Jamaica Co-operative Credit Union League at the 52nd Annual General meeting of the Society. The Board in turn elected Mr. Condell Stephenson and Mr. Almando Jones as alternate delegates.

Report on the League's 75th Annual General Meeting

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

THURSDAY, May 26

- The Credit Union Managers' Association annual general meeting.
- Mr. Errol Gallimore, Registrar of the Department of Co-operatives & Friendly Societies made a presentation on the theme "The Future of the Credit Union Movement: The Impact of the Changing Legislative Landscape" to a packed audience in the Hanover room, while moderator Mrs. Yvonne Ridguard Harris, Past President of JCCUL ably guided the discussion that ensued.

The Conference was officially opened on Thursday afternoon with the Honourable Donna Parchment Brown, Ombudsman as the keynote speaker.

FRIDAY, May 27

During the plenary session Director Winston Fletcher, Chairman of the Credit Union Development Task Force updated participants on the topic: "The Road Ahead: Credit Union Sustainability". A total of six (6) workshops were held on Friday as follows:

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

AWARDS

The annual awards dinner ended the day. Guest speaker at this event was Mrs. N'Dombet Assamba, former Jamaican High Commissioner to the United Kingdom. The following credit Unions received Credit union of the year awards:

Mega (Assets > \$2 Billion)	
Winner	First Regional Co-Op
Runner Up	JTA Co-Op
Large (> \$1B - \$2B)	
Winner	JDF Co-Op
Runner Up	NCB Employees Co-Op
Medium (> \$300M to \$1B)	
Winner	Lascelles Employees
Runner Up	BJ Staff
Small-Sized (< \$300M)	
Winner	Church Of The First Born
Runner Up	Nestle Jamaica Co-Op

At the close of the banquet President Derrick Tulloch announced that the annual general meeting scheduled for the following day would be re-scheduled.

RESCHEDULED ANNUAL GENERAL MEETING - Saturday, August 20, 2016

The 75th Annual General Meeting was held on August 20, 2016, due to the rescheduled meeting slated for May 28, 2016 which was not held due to circumstances which were explained by the Board of JCCUL at a meeting of the delegates.

ELECTION OF OFFICERS

Persons elected to the Board of JCCUL:

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

Report of the League Delegates, Continued

Persons elected to the Supervisory Committee:

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

- O'Neil Grant
- Anthony Young
- Rodcliffe Robertson
- Radgh Mason
- Patrick Smith
- Carol Anglin
- Derrick Tulloch

RESOLUTIONS

Condolence and congratulatory resolutions include:

Condolences for:

- Dr. Dorothy Raymond
- Reverend James Oswald Thorbourne
- George Carter

Congratulatory resolutions were:

- Mr. Glenworth Francis – for receiving the Order of Distinction from the Jamaican Government for service to the Jamaica Co-operative Credit Union Movement.
- Mrs. Yvonne Ridguard Harris for receiving a Badge of honour for Meritorious Service from the Government of Jamaica, for service to the Jamaica Co-operative Credit Union Movement and Community Service.
- JPS & Partners Credit Union on its 60th anniversary.
- Manchester Credit Union on its 65th anniversary.

RULE CHANGES

Rules changes were effected as follows:

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

The AGM voted to accept all the changes.

The 2016-2017 JCCUL Board:

- Reverend Dr. Paul Gardner - President
- Winston Fletcher -1st Vice President
- Clide Nesbeth - 2nd Vice President
- Andrea Messam - Treasurer
- Jerry Hamilton - Assistant Treasurer
- Lambert Johnson – Secretary
- Norris Gilbert - Assistant Secretary
- Martin Blackwood

Report on the League's Special General Meeting November 26th 2016

The Special General Meeting was convened to:

1. Discuss and decide on the future of the Stabilization Fund:- The meeting established a special committee to review the allocation of the Stabilization Fund, and decided that a special general meeting be held in February 2017 to dissolve the Stabilization Fund.
2. Discuss and if thought fit, pass the amendment to Rule 5(1). The change to the Rule allows the Board of Directors of a credit union to apply for membership in the League, while the previous rule required a resolution of the members of the credit union in general meeting:- The meeting approved the recommended change to Rule 5(1).

Financial Status of the Movement at Dec 2016

At December 2016 there were 32 credit unions in Jamaica with total assets of \$95.67 Billion, an increase of \$6.73 Billion or 7.6% above the \$88.94 Billion in 2015. Total savings was \$73.83 Billion compared to the \$68.14 Billion at December 2015 an increase of 8.35%, while Loans grew by \$4.2 Billion to \$64.67 in 2016 compared to the loan outstanding at 2015 of \$60.48 Billion. Membership grew by 2.9% in 2016 to 1,028,511 at year end.

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 53rd Annual General Meeting

The Nominating Committee was appointed by the Board of Directors at its meeting on the 15th of March, 2017, in keeping with Rule 65(1) and comprised of the persons named below:

- Mrs. Terrie-Ann Bennett - Chairperson
- Mrs. Karlene Spencer
- Mr. Barrington Whyte

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 (3) consecutive terms, however, such member will be eligible to serve once he/she sits out a period of one year or one AGM without serving on any electable committee.
- Rule 34(i) 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 years and the others for a term of one 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 years and one-half for one year. Thereafter the term of office for members shall be two years."
- On April 18th, 2016, the Credit Union signed a Merger Agreement with National Water Commission Co-operative Credit Union Limited (NWCCUL) under which:-
 - Two members of that Credit Union appointed by its Board would be elected to serve on the Board of Directors for a period 3 years and 2 years respectively, and
 - Two members of that Credit Union would be elected to serve on the Supervisory Committee of C&WJCCUL for a period of two years, (2016/17 & 2017/18) respectively, and
 - One member of that Credit Union would be elected to serve on the Credit Committee for a period of two years (2016/17 & 2017/18)

1. Board of Directors

The current status of the members of the Board is as follows:

- **Members retiring at this 2017 Annual General Meeting**
 - Condell Stephenson

- Condell Stephenson
- Michael Dunn (NWC Nominee)
- Michael Sutherland
- Paulette Howell
- Pauline Thompson
- Pete Smith

■ Members retiring at the Annual General Meeting in 2018

- Almando Jones
- Bobette Rigg
- Peter Scott
- Richard Meggo (NWCCUL Nominee)
- Terrie-Ann Bennett

- Michael Sutherland has served for three consecutive terms and in accordance with term limits is ineligible for re-election. All other retiring directors are eligible for re-election.
- The number of directors was increased to 11 in keeping with the NWCCUL merger agreement for two nominees, **Michael Dunn** and **Richard Meggo**, to serve on the Board for a period 3 years and 2 years respectively after the merger of the two societies.
- The number of directors will revert to nine (9) at the Annual General Meeting to be held in 2018 as per the decision of the 52nd AGM.

Nominations

In keeping with the foregoing, the Committee nominates, **Ashlyn Malcolm, Condell Stephenson, Michael Dunn (NWCCUL Nominee), Paulette Howell, Pauline Thompson** and **Pete Smith** to fill the six (6) vacancies on the Board of Directors. The Committee recommends that the Directors be elected to serve for the term adjacent to their names:

- | | |
|----------------------|---------|
| ■ Ashlyn Malcolm | 2 years |
| ■ Condell Stephenson | 2 years |
| ■ Paulette Howell | 2 years |
| ■ Pauline Thompson | 2 years |
| ■ Pete Smith | 2 years |
| ■ Michael Dunn | 2 years |

2. Credit Committee

The current status of the Committee members is as follows:

- **Members retiring at this Annual General Meeting 2017:**
 - June Matthews
- **Members retiring at the Annual General Meeting 2018:**
 - Austin Brown
 - Judith Cawley
 - Natalie Stanford
 - Norma Warburton-Thomas (NWCCUL Nominee)

Report of the Nominating Committee, Continued

- Bornette Donaldson resigned during the year and was replaced by Natalie Stanford.
- As per the Merger Agreement with NWCCUL, Norma Warburton-Thomas was appointed for a period of two (2) years.
- No member of the Committee has served for three consecutive terms and all retiring members are eligible for re-election.
- The Committee recommends that the number of the Committee members remain at 5 members.

Nominations

The Committee nominates **June Matthews** to fill the one (1) vacancy on the Credit Committee. Further that the member nominated to serve for the term adjacent to her name:

- June Matthews 2 year

3. Supervisory Committee

The members of the Supervisory Committee all of whom will retire at this meeting are:

- Shauneil James ■ Carla Davy
- Shorna Anderson ■ Alecia Haughton
- Shackera Williams ■ Ashlyn Malcolm
- Rohan Saunders

- By virtue of the Term Limits **Alecia Haughton-Reid, Shackera Williams, Shauneil James and Shorna Anderson** are ineligible for re-election.
- From the NWCCUL merger agreement two (2) members were appointed to the committee and will serve two (2) consecutive one (1) year terms. These members are **Hortense Hylton and Wembley McGowan**.

Nominations

The Committee nominates the members named below to fill the seven (7) vacancies on the Supervisory Committee for a term of one year.

- Darren Brown ■ Daniel Scott
- Judy-Ann Reid ■ Dionne Mason-Gordon
- Carla Davy ■ Mark Wallen
- Rohan Saunders

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 year:

- President Elect
- Chief Executive Officer

5. Delegates to JCIA (formerly NUC-CIS)

The retiring members are:

- Carlton Barclay
- Almando Jones

Nominations

The Committee nominates the following members for the term of one year:

- The Treasurer Elect
- Chief Executive Officer

6. Delegates to QNET

The retiring delegates are:

- Michael Sutherland
- Carlton Barclay

Nominations

The Committee nominates the following members for the term of one year:

- Chief Executive Officer
- Pete Smith

PROFILES OF CANDIDATES

Board of Directors

PAULINE MARIE THOMPSON- CALVERT GORDON ASSOCIATES

Mrs. Thompson is an independent Information Technology Business Consultant with the firm Calvert Gordon Associates. She worked with Deloitte Touche Tohmatsu as an IT Consultant and Asst. Manager, IT Services. She has a long career in management of IT Support services, system and programme analysis. The holder of a Master's Degree in Accounting and a Bachelor 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.

ASHLYN MALCOLM – PETROLEUM CORPORATION OF JAMAICA (PCJ)

Mrs. Malcolm has been employed as Group Internal Auditor at the Petroleum Corporation of Jamaica since 2003 but has over 20 years of experience in the field of Internal and External Auditing and Accounting. She has worked at Facey

Report of the Nominating Committee, Continued

Commodity Limited, Mechala Group Jamaica Limited and PriceWaterhouse. Ms. Malcolm holds a Bachelor of Arts Degree and international certifications in Compliance and Ethics and ACCA. She is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Member of the Institute of Internal Auditors (IIA) and the Society of Corporate Compliance and Ethics (SCCE). She was a Director of the former ICD&ACCU and has been serving as a member of C&WJCCUL's Supervisory Committee since 2015.

CONDELL GODFREY STEPHENSON- HOEGH AUTOLINERS

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 CWJCCUL and has been a volunteer in the Credit Union movement for a number of years.

PETE SMITH – FLOW JAMAICA

Mr. Smith served as the President of CWJCCUL for the past two (2) years and has served as Director for over 7 years. He works with FLOW Jamaica as a Regional Regulatory Finance Advisor but worked in various roles during his 20 years with the organisation. Mr. Smith holds a Bachelor's Degree in Social Sciences and History from UWI as well as studies in Finance and Accounts in London. He also holds a Diploma in Marketing. He is currently a volunteer with the Cable and Wireless Foundation, Vice President of the Jamaica Table Tennis Association and Second Vice President of the Calabar Old Boys Association as well as the Mentorship Committee.

MICHAEL DUNN – NATIONAL WATER COMMISSION

Mr. Dunn is currently a serving Director on the CWJCCUL board. He is employed to NWC as Vice President of Divisional Operations for over numerous years and has served as Director and President of the former NWCCCUL. Mr. Dunn holds a Bachelor of Science in Public Management/ Administration and a Certificate in Management.

PAULETTE HOWELL – LIQUID EGGS LIMITED

Ms. Howell served as President and Director on the Board of the former CCCU and is currently serving on the CWJCCUL 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.

Credit Committee

JUNE MATTHEWS

Ms. Matthews have served on the Credit Committee of CWJCCUL for many years and is currently the Secretary. She was last employed to Cable and Wireless Jamaica and holds a Diploma in Management Studies and a Certificate in Social Psychology.

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.

JUDY-ANN REID – VICTORIA MUTUAL BUILDING SOCIETY

Mrs. Reid is a former member of the Credit Union's Supervisory Committee. She is a Software Quality Assurance Manager with over 10 years of experience who currently works as a Senior Business Analyst at VMBS. She previously worked as a Testing Manager and Test Engineer employed to LIME Jamaica. She holds a Bachelor of Science Degree in Computing with Management Studies.

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.

WEMBLEY MCGOWAN – NATIONAL WATER COMMISSION

Mr. McGowan is currently employed to NWC as a Financial Reporting Analyst. He previously worked as Cash and Treasury Manager and Accounts Receivable Manager. He served on the Supervisory Committee of the Former NWCCCUL as member and Chairman and has been serving on the same committee at the CWJCCUL since the merger. He is currently pursuing ACCA certification.

CARLA DAVY – PORT AUTHORITY OF JAMAICA

Ms. Davy has been employed to the Port Authority of Jamaica in the capacity of Internal Audit Assistant since 2007. She holds a post graduate diploma in Business Administration and she is currently pursuing a Bachelor in

Report of the Nominating Committee, Continued

Business Administration. She is a Certified Accounting Technician and a member of the Institute of Chartered Accountants of Jamaica and the ACCA. She has previously served as a member and chair of C&WJCCUL's Supervisory Committee.

ROHAN P. SAUNDERS – JAMALCO

Mr. Saunders has been employed to Jamalco as the Property and Accounts Receivables Accountant since 2015. He holds a Bachelors of Business Administration Degree from UTECH and is certified at the Association of Chartered Certified Accountants level. He has been serving on the CWJCCUL Supervisory Committee.

HORTENSE HYLTON – NATIONAL WATER COMMISSION

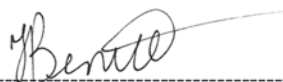
Ms. Hylton has over Twenty Years' experience with the Finance Division at NWC in the capacity of Supervisor - Plant Accounting. She is currently the Manager - Accounts Payable. She holds a Bachelor of Science in Business Administration, Majoring in Accounting and Financial Management, Diplomas in Business Administration and Financial Management. She served on the Credit and Supervisory Committees of the former NWCCUL and now serves on the Supervisory Committee of the CWJCCUL.

DIONNE MASON-GORDON – SHIPPING ASSOCIATION OF JAMAICA

Mrs. Gordon is employed to 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 CWJCCUL. Mrs Gordon is a graduate of the Heriot Watt University of Scotland with a BA degree in Business and Finance and pending MA degree in Strategic Planning.

MARK WALLEN – NATIONAL HOUSING TRUST

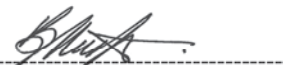
Mr. Wallen is employed to the National Housing Trust as Chief Internal Auditor and is a member of the CWJCCUL. He has over 18 years' experience in the field and holds a Bachelor of Laws, a Master in Business Administration and Bachelor in Management Studies. He is also a Certified Internal Auditor and a Certified Information System Auditor. He has served on the Supervisory Committee of other Credit Unions.



Terrie-Ann Bennett



Karlene Spencer



Barrington Whyte

Volunteers/Committees Who Served us from May 2016 - May 2017

BOARD OF DIRECTORS

Mr. Pete Smith	President
Mr. Condell Stephenson	1st Vice President
Ms. Paulette Howell	2nd Vice President
Mr. Almando Jones	Treasurer
Mr. Michael Sutherland	Secretary
Mrs. Terrie-Ann Bennett	Assistant Secretary
Ms. Bobette Rigg	Assistant Treasurer
Mrs. Pauline Thompson	Director
Mr. Peter Scott	Director
Dr. Richard Meggo	Director
Mr. Michael Dunn	Director

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Mrs. Judith Cawley	Chairman
Mrs. June Matthews	Secretary
Mr. Austin Brown	Member
Ms. Natalie Stanford	Member
Mrs. Norma Warburton-Thomas	Member

SUPERVISORY COMMITTEE

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Ms. Shorna Anderson	Secretary
Ms. Alecia Haughton	Member
Ms. Shackera Williams	Member
Mrs. Ashlyn Malcolm	Member
Ms. Carla Davy	Member
Mr. Rohan Saunders	Member
Mr. Webley McGowan	Member
Ms. Hortense Hylton	Member

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Mr. Almando Jones	Member
Mr. Pete Smith	Member
Mrs. Pauline Thompson	Member
Mr. Barrington Whyte	Member/Staff
Mrs. Joyce West-Johnson	Member/Staff
Mr. Carlton Barclay	Member/Staff

EXECUTIVE COMMITTEE

Mr. Condell Stephenson	Chairman
Mr. Michael Sutherland	Secretary
Mr. Almando Jones	Treasurer
Mrs. Terrie-Ann Bennett	Assistant Secretary
Mr. Pete Smith	Member

EDUCATION COMMITTEE

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Mr. Errol Bean	Secretary/Staff
Mrs. Terrie-Ann Bennett	Member
Mr. Pete Smith	Member
Mr. Peter Scott	Member
Mr. Leslie Mills	Ex Officio/Member
Mr. Barrington Whyte	Member/Staff
Mr. Carlton Barclay	Member/Staff
Ms. Stacey Beckford	Member/Staff
Ms. Brenda Reid	Member/Staff

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Mr. Condell Stephenson	Member
Mr. Pete Smith	Member
Mr. Barrington Whyte	Member/Staff
Mrs. Marcia Harrison	Member/Staff
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Mrs. Sheron Bryan	Secretary/Staff
Mr. Almando Jones	Member
Mrs. Sacha Vacciana-Riley	Member/Staff
Mr. Barrington Whyte	Member/Staff
Mrs. Tracy-Ann Williams	Member/Staff
Mr. Michael Ringrose	Member/Staff

Deceased Members Listing for 2016

Agatha Latty
Albert Bryan
Alvin Bloomfield
Ansel Thomas
Asarie Crowl
Audley Coleman
Barbara Ferguson
Barret Chambers
Barrington Gayle
Benjamin Baker
Beverley Brown
Carline Daley
Carlington Cunningham
Carmen Gooden
Charles Downer
Charlotte Fairclough
Charmaine Douglas
Christopher Campbell
Clinton Ewart
Dalvis Whyte
Danielle Leslie
Danville Patten
Daphne Drummond
Darron Wallace
Desmond Watson
Distin Simons
Donovan Burrows
Doris Brown-Kerr
Earlie Peart
Edward Wint
Elaine Croddock
Elfreda Francis
Elizabeth Harris
Emily Cassinova
Faye Rankine
Fitzroy Pinnock
Gail Gordon
Garnet Solomon
Glenford Boothe
Granville Lewis

Gregory Sharpe
Gwendolyn Martin
Hanif Fuller
Harold Brown
Harold Cox
Harris Chung
Hazel Sangster
Henry Graham
Herbert Haughton
Herman Grant
Hilda Henry
Horace Edwards
Hughlan Herdsman
Humroy Bennett
Hyacinth Dunkley
Hyacinth Francis
Ingrid Rowe-Mair
Ionie Lee-Hall
Ivanhoe Thomas
Jacqueline Hacker
Jacqueline Stoddart-Smith
Jennifer Pearce-Thompson
Jennifer Tomlinson
Joan Murray
Jocelyn Crooks
Josiah Samuel
Junior Francis
Kashwayne Laing
Kenneth Williams
Leroy Ennis
Leroy Martell
Leslie Creary
Lilian Williams
Lilleth Smith
Logan Morris
Lorna Rowe-Ellis
Lunnett Rose
Marcia Fearon
Marvalyn Reid
Marvia Forrest-Thakundeene

Maurice Watt
Mavis Grant
Mavis Wright
Michel Taylor
Milton Mattis
Miriam Morgan
Morris Blackstock
Moses Mahadiow
Naomi Cunningham
Olga Duncan-Thomas
Oswald Devaille
Owen Bartley
Paul McWilliams
Pearlena Bailey
Raymond Reynolds
Ricardo Sinclair
Ricky Ottley
Robert Markes
Rodcliffe Brown
Rohan Taylor
Roy Goslin
Royland Kirlaw
Ruby Lattie
Rupert Randall
Rupert Thomas
Sandra Jones
Sharnette Samms-Kerr
Shelly-Ann Ferguson
Sonia Miller
Sophia Rhone
Stafford Blake
Stanley Bowen
Sylvester Montaque
Tatlym Lynch
Vaughn Miller
Violet McDermott
Welesley Rose
Wellington Grant
Windel Blythe
Yollando Hall

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.



This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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COMMUNITY & WORKERS OF JAMAICA

Co-operative Credit Union Ltd.



"We have discovered the Benefits of Belonging."

- If your workplace uses telephones
- If you live or work in Kingston*, Clarendon or Westmoreland
- If you are an employee or ex-employee of the ICD Group
- If you work with National Water Commission and other water sector agencies
- If you work in the marine and allied industries in Jamaica
- If you are a relative of an existing member

*Within 25km radius of Harbour Street

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(876) 754-1824
Fax: (876) 929-1859

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Fax: (876) 986-7324

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Fax: (876) 920-8053

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Lionel Town, Clarendon
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Fax: (876) 986-3021

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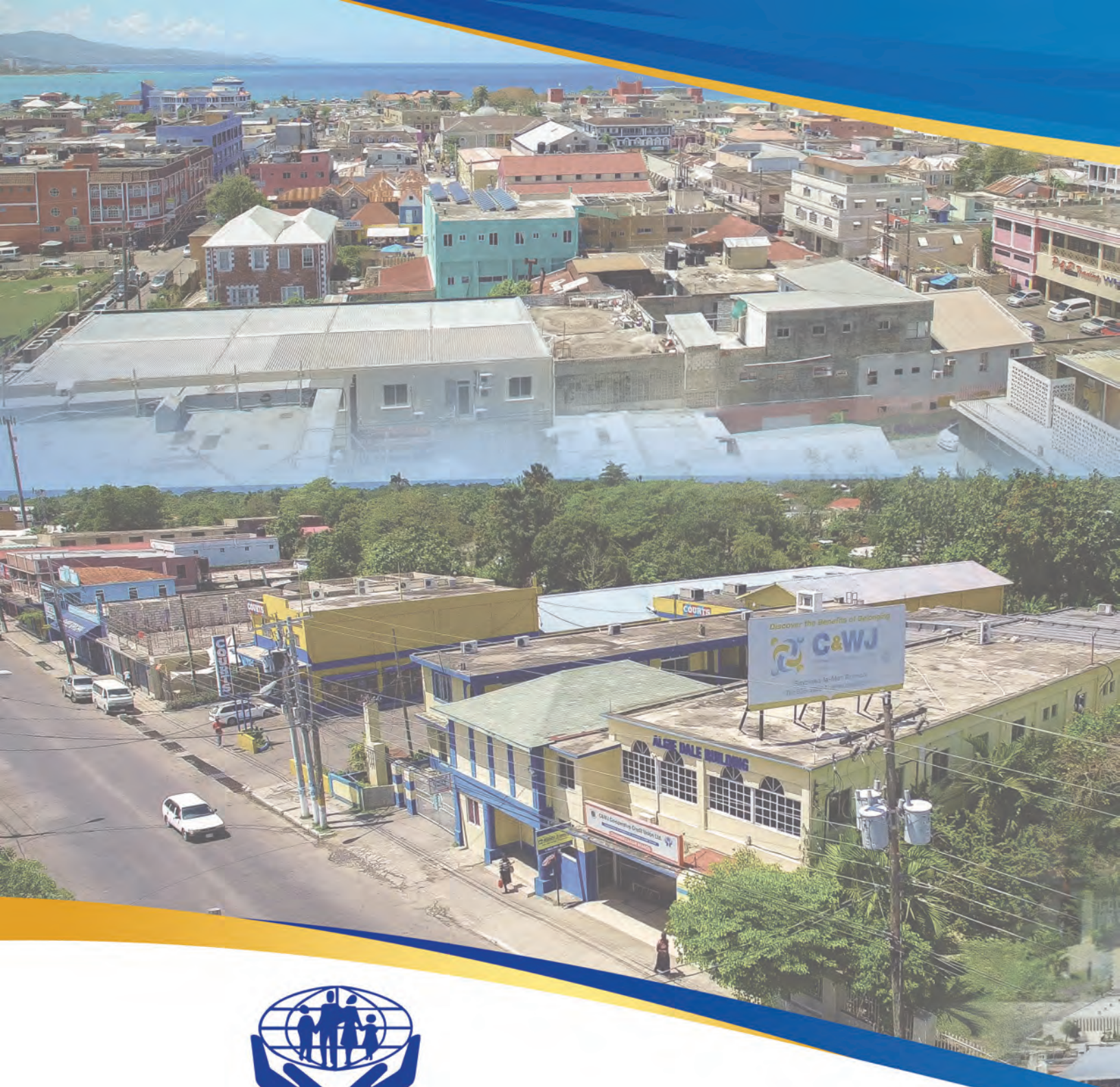
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Like a Friend.



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

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Website: www.cwjcu.com

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