JPS & PARTNERS
CO-OPERATIVE CREDIT UNION LTD.
Your Financial Partner For Life

2017 Annual Report

Pushing you
Beyond all limits!

Our Vision

To be our members' premier financial partner for life.

Our Mission

Through a competent and committed team and innovative technology, we provide a wide range of services of the highest quality to meet the financial needs and aspirations of our internal and external stakeholders across Jamaica and the Diaspora; Promote equal opportunity; Foster economic growth and stability while upholding our core values. We care for our members and our community.

Our Core Values

Integrity, Trust, Service, Accountability, Prosperity.

JPS & Partners...

Securing your financial future

Enjoy competitive returns on savings, personalized service and a reservoir of products and services to suit your every financial need.

PRODUCTS AND SERVICES

SAVINGS PRODUCTS

- UGain Savers Account
- Ordinary Shares
- Special Deposits
- Fixed Deposits
- Partner Plan Savings
- Life Long Savings Account
- Treasure Chest Account

LOANS PROGRAMMES

- Motor Vehicle
- Education
- Mortgage
- Home Equity
- Air Conditioning
- Back-to-School
- Christmas Combo
- Pay Day
- Computer
- Vacation
- Father's Day
- Cash-On-Credit
- Mother's Day
- Insurance Premium
- Furniture/Appliance
- Salary Enhancer

SERVICES

- Family Indemnity Plan (FIP)
- Health Plan
- Debit Card Service
- Standing Order Facility
- Payroll Deduction
- Financial Counselling
- Direct Deposit Facility
- Online Banking

FREE LIFE INSURANCE PROTECTION

- Up to $2,000,000 on loans
- Up to $1,000,000 on savings

JPS & PARTNERS
CO-OPERATIVE CREDIT UNION LTD.
Your Financial Partner For Life

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Notice
of Meeting

Notice is hereby given that the 63rd Annual General Meeting of the JPS & Partners Co-operative Credit Union Limited will be held at The Jamaica Conference Centre, 14-20 Port Royal Street, Kingston on Saturday, September 29, 2018 commencing at 10:00 a.m.

AGENDA

1. **ASCERTAIN that a quorum is present**
2. **APOLOGIES FOR ABSENCE**
3. **APPROVAL OF THE MINUTES**
   of the last Annual General Meeting and discussion of MATTERS arising
4. **REPORTS**
   - Board of Directors
   - Treasurer and Auditor
   - Supervisory Committee
   - Credit Committee
   - League Delegates
5. **DISTRIBUTION OF SURPLUS**
6. **RESOLUTIONS**
   - Fixing of Maximum Liability
7. **NOMINATION COMMITTEE REPORT**
8. **ELECTION**
   - Board of Directors
   - Credit Committee
   - Supervisory Committee
9. **ANY OTHER BUSINESS**
10. **ADJOURNMENT**

Earl Munroe
Board Secretary

Progress
Report 2008-2017

YEARS	MEMBERS	SHARES Balance	DEPOSITS Balance	LOANS Balance	EARNINGS			ASSETS	DIVIDENDS/ INTEREST
					Gross Income	Expenses	Net Income before Honoraria		
		$M	$M	$M	$M	$M	$M	$M	%
2008	6,008	371,675	1,432,446	1,206,69	314,052	270,804	40.21*	2,165,074	7.5
2009	6,352	427,921	1,409,339	1,236,41	390,118	331,397	58.72*	2,261.48	6.5
2010	6,807	449,091	1,621,615	1,145,43	341,556	295,048	46.51	2,529,832*	6
2011	6,478	469,360	1,591,627	1,194,40*	314,219*	262,009*	52.21*	2,581,571*	4
2012	6,766	469,167	1,543,397	1,271,85	294,516	263,871	30.64	2,571,858*	3
2013	9,851	831,109	2,005,029	1,905,403	344,860	314,390	30.47	3,703,516	3
2014	10,249	893,720	1,901,545	1,957,320	423,447	381,629	41.82	3,675,189	3.25
2015	11,840	947.58	1,858.46	2,071.42	432,853	391,491	41.36	3,700,351	3.4
2016	**13,796**	**1,208.67**	**1,915.26**	**2,445.36**	**440,946**	**410,337**	**30.61**	**4,110,374**	**3**
2017	**14,196**	**1,247.13**	**1,964.16**	**2,655.58**	**458,758**	**416,797**	**41.96**	**4,223,628**	**2**

* Restated

Minutes
of the 62nd AGM

Minutes Of the 62nd Annual General Meeting of the JPS & Partners Co-operative Credit Union Limited held on Saturday, May 20, 2017 at Campion College Auditorium, 105 Old Hope Road, Kingston.

Present at the Head Table were:

Miss Natalie Sparkes	-	Chairman
Mr. Albert Dawkins	-	Vice President
Mr. Earl Munroe	-	Secretary
Miss Alicia Burnett	-	Assistant Secretary
Miss Deborah Campbell	-	Treasurer
Miss Fiona Johnson	-	Assistant Treasurer
Mr. Derrick Tulloch	-	Director
Mr. David Grey	-	Director
Mr. Richard Palmer	-	Director
Miss Joydene Jarrett	-	General Manager

CALLED TO ORDER

Having ascertained that a quorum was in place the President/Chairman called the meeting to order at 10:55 a.m.

PLAYING OF THE NATIONAL ANTHEM

The National Anthem was played.

PRAYERS

Miss Gerlyn Gray offered Prayer, after which the Prayer of St. Francis of Assisi was repeated.

NOTICE OF ANNUAL GENERAL MEETING

The Secretary, Mr. Earl Munroe read the notice convening the 62nd Annual General Meeting (AGM). A motion for the acceptance of the Notice of Meeting was moved by Miss D. Watson and seconded by Mr. Lloyd Mordecai.

President, Natalie Sparkes, addresses members at the Annual General Meeting

Minutes of the 62nd AGM (*Continued)*

Board members cast their votes

CHAIRMAN'S OPENING REMARKS

The Chairman thanked the members for coming to another Annual General. She noted that the date of the meeting was changed on several occasions and, as such, the Credit Union lost its venue which resulted in the staff having to find another appropriate venue to host the 62nd Annual General Meeting. She used the occasion to thank the members on behalf of the Board who made the extra effort to make the event possible.

WELCOME

The President extended on behalf of the Board, warm welcome to everyone present at the meeting. She stated that the members had gone through an interesting year and therefore as the meeting proceeded they would be engaging in some frank discussions on the way forward for the Credit Union. She urged the members to support JPS & Partners Credit Union in its continued growth.

Referring to the house rules, the President noted that without them, meetings tend to fall apart. She asked the members to be civil and allow other members on the floor time to speak before persons rebut. She acknowledged Mr. Lloyd Mordecai, one of the founders of the Credit Union, and thanked him for having the vision that saw to the birth of the Credit Union. She made mention of Mr. Albert "Bertie" Morris and stated that had it not been for Mr. Mordecai and Mr. Morris the members would not have a Credit Union.

MEMORIAM

A minute's silence was observed for those who had passed on since the last AGM.

INTRODUCTION OF BOARD MEMBERS

The President informed the members that two new directors joined the Board since the last Annual General Meeting. She also noted that based on the merger with CG Co-operative Credit Union, two (2) board members were co-opted from that Credit Union. She thereafter introduced the members at the Head Table and asked the members to acknowledge them. Mr. Richard Palmer and Mr. David Grey were subsequently introduced as the two new directors from CG Co-operative Credit Union.

APOLOGIES FOR ABSENCE

Apologies were tendered for Directors Dwight Hart and David Fleming.

WELCOME OF GUESTS

The President welcomed the representative from CONEC, and asked members to put the CONEC mobile services on their telephones before leaving the meeting. She extended special welcome to Miss Lisa Cousins, External Auditor, as well as Mr. Noel Smith, Internal Auditor. Mr. Zemmar Bennett from JCCUL and Mr. Oswald Parkes from CUNA Caribbean. Representatives

Minutes of the 62nd AGM (*Continued)*

from the Department of Co-operatives and Friendly Societies, Mr. Michael David Webb and Ms. Nordia Byfield were also welcomed

MINUTES OF LAST MEETING

The President invited the board Secretary Mr. Earl Munroe to take the meeting through the Minutes and all matters surrounding same. Secretary Munroe drew the members' attention to page 5 in the report highlighting the Minutes of the 61st Annual General Meeting. A motion was subsequently moved and seconded by Mr. Anthony Creary and Ms. Kim Robinson, respectively, for the Minutes to be taken as read.

CORRECTIONS/AMENDMENTS

No corrections or amendments were cited.

MATTERS ARISING

Mr. Vernon Lawrence asked the Secretary to advise the meeting where the Credit Union was with the five-year business plan stated in the Minutes at page 9. Secretary Munroe asked the President to respond to the query. The President stated that prior to the last AGM the Credit Union had engaged the Jamaica Co-operative Credit Union League (JCCUL) to do a five-year business plan. She noted that the business plan was completed and added that the Plan was one of the requirements of the Bank of Jamaica Regulations for Credit Unions. She added that the Board will review the Plan in terms of what would happen to the organization, the need in terms of people as well as the physical infrastructure to manage the organization. The President said the Board having reviewed the organization's structure was now more knowledgable as to what was needed for the restructuring of the organization. She invited Mr. Lawrence to look at the Distribution of Surplus and noted that funds were set aside in there for the realignment of the organization

Mr. Lawrence thanked the President for the explanation and queried as to whether there was a strategic plan to drive all the activities she spoke about. The President answered in the affirmative. Mr. Lawrence asked whether the strategic plan was available to the members of the Credit Union. The President answered in the negative. She stated that the strategic business plan was an operational tool and therefore it cannot be released to the membership. She noted that the Registrar of Co-operatives and the League would get a copy and that the Management Team got a copy to work with. She subsequently stated that she had never seen any other organization issuing the strategic plan to the membership and that she could be guided as to what was the best option.

A member shares her views with the Board

Regarding the issue of supervision of the Credit Union by the Bank of Jamaica, Mr. Lawrence enquired on the status of the BOJ Regulations of Credit Unions. The President said that based on all the activities being undertaken, she was of the view that the Regulations could be anywhere between the end of May to June 2017.

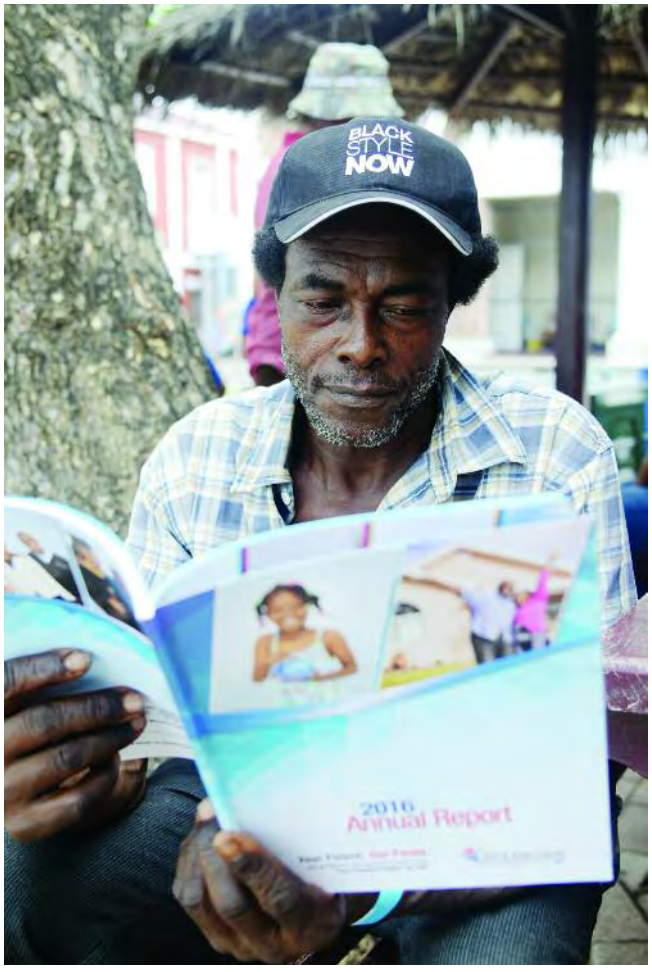
There being no other matters arising for discussion the Secretary invited a motion for the acceptance of the Minutes of the 61st Annual General Meeting. The motion was moved and seconded by Mrs. Cheryl Grant and Mr. Edwin Jackson respectively.

Minutes of the 62nd AGM *Continued*

BOARD OF DIRECTORS REPORT

The Board Report presented by the President indicated that the performance of the Credit Union was examined within the context of the Jamaican Economy and by extension the wider global economy.

She highlighted that inflation rate was extremely low for 2017, at 1.7%, and that Treasury Bill rates were trending down with 30 days instruments at 5.64% and 90 days instruments at 5.68%. She stated that the estimated growth for the year was 2%. President Sparkes told the members that the reason for the communication of this information was for the members to understand what drove the interest rates they received at the Credit Union. She stated that despite the high unemployment rate, investors remained confident about the Jamaican economy. She noted that the investors opined that Jamaica should continue to experience positive growth during the year. From the Board's standpoint she stated that they would have loved to see a lot more requests for small business loans coming from the membership as one of the underpinnings of growing the economy.



A member reads through the annual report

Moving to the global economy, the President stated that members were aware of what happened with Brexit and that Britain was now out of the European Union (EU). She also stated that the members knew what had happened to the North American Free Trade Agreement (NAFTA) and what was happening in the USA based on its Presidency. She noted that it was forecasted that London would be affected over the next couple of years as a result of their exit from the European Union. President Sparkes opined that as a country, Jamaica had to strategize and ensure that whatever the impact was from Britain's exit from the EU, it would not be detrimental to Jamaica and, to some extent, the Credit Union.

The President went on to highlight the performances of the Credit Union Movement. She noted that there was a growth in savings of 8.42%, while the loan portfolio moved to 7.15% compared to 7.67% in the previous year. It was also noted that the membership base of the Credit Union was 1,028,182 members compared to 999,416 members in the previous year. President Sparkes stated that the Movement's figures were an indication that more persons were interested in becoming a part of the Credit Union and that going forward the Movement can only move from strength to strength.

Speaking specifically to JPS & Partners Credit Union, the President stated that Shares grew by 27%, Deposits by 3%, the Loan Portfolio by 18% and Total Assets by 21%. However, she noted that the Surplus declined by 26%. Continuing, she added that Institutional Capital went up by 12% and Membership base by 16.52%. The President stated that the movement in the Membership base, Deposits and Shares was due in part to the merger with CG Co-operative Credit Union. She noted that members of the Credit Union were not bringing in their families to become members and as a result the Credit Union was not benefitting from the pool of growth from just having that membership. She added that the Credit Union had gone out to the business community to seek new members. She mentioned the School Savers Programme in the sponsored schools and noted that the schools savers were integral in growing the business long term.

Minutes of the 62nd AGM (*Continued)*

With regard to delinquency, the President stated that the ratio stood at 2.07%. However, she noted that with the growth of the Credit Union, members were not as co-operative in their repayment of loans as they should.

She highlighted the fact that the Credit Union has signed up with the Credit Bureaus, and that there were suits before the court as part of efforts to recover funds from delinquent members.

The President informed the meeting that the Credit Union had a staff complement of forty seven (47) employees being nine (9) management, twenty five (25) permanent and thirteen (13) contract. She extended thanks to former staff members who had separated from the organization.

Speaking to the issue of term limit and the Board, the President stated that there were some persons who were members of the Board in 2016 but are now no longer members of the Board. She further added that at the end of the AGM, some team members will demit office as board members. She acknowledged the service of the members who would be leaving the Board.

For infrastructure and development, she highlighted that the Lady Musgrave Road building was refurbished. She added that improvement work was also done on the facility at the Head Office. The President stated that renovation of the Ewarton Branch was done and that the Credit Union received an extension of the lease arrangement with UC Rusal. She told the meeting that the opening of the Montego Bay office, was deferred due to the fact that the Credit Union was concentrating on the merger implementation activities with the former CG Credit Union. Social responsibility took the form of assistance to both internal and external stakeholders. The President noted that the Credit Union continue to donate to churches, service clubs, as well as members, based on their needs and requests. She highlighted the fact that last year the Credit Union celebrated its 60th Anniversary. Several volunteers and employees were honoured. She noted that the staff had performed a very good job in organizing the function.

Highlighting the future plans for the Credit Union, President Sparkes said that the Credit Union would be installing a new security system at the Ewarton Branch, as well as configuring the building to make it more

Founding member, Lloyd Mordecai, receives a gift basket from Asst. Treasurer, Fiona Johnson. Looking on is Vernon Lawrence, former board member.

member friendly. Referring to the Head Office, she noted the security issues and stated that a gate would be erected to improve on security. She also noted that plans were in place to construct ablution facilities for members based at the Head Office. Referring to the impending BOJ Regulations, the President opined that the organization would have to look at retooling to ensure that all the requirements in terms of reporting were met. She said that Credit Unions who fail to meet deadlines will be fined large sums by the BOJ. The President told the members that the Credit Union would be commencing infrastructural work at the Bay West Office and that there was business in Montego Bay and the west end of the country.

In closing, she thanked God, as well as the Management Team, Staff and Volunteers who worked over the year. In addition, she thanked Mr. Michael Webb from the Department of Co-operatives and Friendly Societies, Mr. Noel Smith, Internal Auditor and Mrs. Lisa Cousins, External Auditor from the firm of UHY Dawgen

On the conclusion of the report, the President invited a motion for its acceptance. The motion was duly moved and seconded by Mr. Vernon Lawrence and Mrs. Margaret Morris, respectively.

Minutes of the 62nd AGM (*Continued)*

MATTERS ARISING

Mr. Anthony Creary, referring to comments previously made by the President in her Report regarding members of the Credit Union not getting their family members to join the Credit Union, said that he knew someone whose mother died and the person came to the Credit Union and after getting the Family Indemnity Plan (FIP) decided to take a portion of what his mother had in the Credit Union. He said the person was told that he had to remove everything from the Credit Union and start on his own. The President asked the General Manager to make a note of what was said. She added that she would prefer the person to become a member right away and leave the money. She said what Mr. Creary outlined should never have happened.

Mr. Vernon Lawrence noted that one of the Credit Union's competitive edge was member service. He stated that members can get everything else from the other financial institutions. He made reference to his own experience at the Credit Union's Head Office and stated that the management of the Credit Union had shifted its focus from member service to profitability. He asked the President whether the Credit Union charged fees for dormant accounts. The President responded in the negative.

General Manager, Joydene Jarrett (centre), smiles for the camera alongside Credit Manager, Natalie Murray (left) and a member.

On the matter of infrastructure, as mentioned in the President's Report, Mr. Lawrence said that he went to the Credit Union and tried to use the restroom and was told that no restroom facility was available. The President said what the person told him was incorrect and that he should have been allowed to use the restroom.

Mrs. Pauline Thompson-Carter asked the President to elaborate on two points. She noted that the President spoke about the school savings in sponsored schools and enquired as to whether anything was in place to extend the visits to other schools. She also enquired of the President as to the plans the Credit Union had in place to reactivate dormant accounts. The President, responding to the latter enquiry first, stated that the Board had mandated the Management Team to put a system in place to call the members who they have not seen for a long time and remind them of the products offered by the Credit Union. Regarding the query about the school visits, President Sparkes stated that the Credit Union did not have a list of the schools. She told Mrs. Thompson-Carter that if she had a school she wanted to suggest to be added, the Credit Union was willing to take same.

Mr. G. Laing told the President that he felt left out of the Credit Union and that he was accustomed to being treated like a member of the family. The President said that the point was noted.

Mr. Roy Taylor said he believed the Credit Union was losing the grip in relation to customer service. He said when he joined the Jamaica Public Service (JPS) a couple years ago it was mandated for members to join the Credit Union. He noted that nowadays there were many other companies coming into his office offering loans and that he had not seen JPS & Partners Credit Union. President Sparkes said the point was taken and that the Marketing Manager – Mrs. Camiel Franklyn-Levy had a schedule for visits to locations starting with the Kingston office.

Mr. Vernon Lawrence stated that there was a problem with communication from the Credit Union. He said that he had not seen any communication on the merger with the CG Credit Union. The President said that the point was taken and the Board would be looking at improving the issue of communication to members.

Minutes of the 62nd AGM (*Continued)*

Members of the Credit Union cast their votes.

There being no other matters arising, the President asked for a motion to have the adoption of the report. The motion was duly moved and seconded by Mr. Phillip Lewis and Mr. Clive Segree, respectively.

AUDITOR'S REPORT

The President invited Mrs. Lisa Cousins, the Auditor from UHY Dawgen, to read the Auditor's Report.

Mrs. Cousins in presenting the report stated that they had audited the financial statements of the JPS & Partners Co-operative Credit Union Limited which comprised statements on the Society's financial position as at December 31, 2016. These included the Statement of Comprehensive Income, Statements of Changes in Equity, Cash Flows for the year then ended, and explanatory Notes to the Financial Statements, including a summary of significant accounting policies.

The report cited the basis for the Auditor's opinion, other information, responsibilities of Management and those charged with governance for the financial statements, as well as the Auditor's responsibilities for the audit of the Financial Statements.

TREASURER'S REPORT

The Treasurer, Miss Deborah Campbell, thanked Mrs. Cousins for reading the Auditor's Report. She used the occasion to thank the members who braved the weather to be at the Annual General Meeting. She also thanked the team for putting the event together, as well as the Treasury and the Chief Accountant for the presentation she was about to deliver. She subsequently asked for a motion that the report be taken as read. The motion was moved by Mr. Vernon Lawrence and seconded by Mr. Vaughn McDonald.

She indicated that in 2016 the Credit Union made a Surplus of $30.6 Million and noted that it was less than the 2015 Surplus by at least 26%. She stated that there were significant challenges in the environment globally and on the national scene that the Credit Union had to contend with. She pointed out that the other banks were very competitive as they were stable and cash rich. She stated that the Credit Union may not react as quickly as members would like in terms of loans as it had to be cautious in terms of the long term.

The Treasurer stated that any decision by the Government to lower the general Treasury Bill rates has an impact on the investment income that the Credit

Minutes of the 62nd AGM *(Continued)*

Union received. She added that the Credit Union's investments for the most part were with government instruments and as such any decrease in interest rates had a negative impact on the income the Credit Union received from these investments.

On the matter of technology, the Treasurer stated that that this was the path that the Credit Union had to embark on. She said that such a move would foster faster transactions online for the members and will allow them to have access to their business anywhere in the island.

In her review of the past year, she highlighted that the Credit Union continue to promote attractive products. She cited the Triple Combo Loan as the main one, which was a product combined with Mortgage, Home Equity and Salary Enhancer Loans. She noted that the Credit Union rebranded its motor vehicle loan product - "Sign and Drive". Members benefitted from several attractive revised benefits and features eg lower interest rates and longer loan repayment period. The Treasurer told the members that the Credit Union continued to manage its delinquency portfolio and that there was improvement in the portfolio. The ratio moved from 2.3% in 2015 to 2.07%.

Natoya Mighty-Smith receives the gate prize from General Manager, Joydene Jarrett.

In terms of the revenue sources of the Credit Union for 2016, she stated that loan interest accounted for the largest portion of income. She noted that there was growth in this area over the period as the ratio moved from 70.5% to 73.8%. The remaining portion of the income came from investment -16.8%, fees 4.6% and rental income 3.2%.

On the expense side, she reported that the major factor for consideration was interest expense. She stated that the interest paid on deposits was $106 Million, and represented a slight reduction by 12.9%. Over the previous year, Operating Expenses increased by 11%, moving from $245 Million to $273 Million. She highlighted that personnel expenses of 11% represented the greatest chunk of the increase in operating expenses. The Collective Labour Agreement benefits awarded to staff was the main contributory factor. The Treasurer stated that inflation was mainly responsible for the increase in Representation and Administrative Expenses.

The financial performance continues to be measured against the universal Credit Union PEARLS Standard. The Treasurer indicated that Net Loans/Total Assets moved from 55% in 2015 to 59%. She noted however, that the Credit Union was a little below the standard of 60%. She reported that savings was at 76%. She noted that Institutional Capital was very strong and that Delinquency/Gross Loan had decline. She noted that the Credit Union was in good stead with regards to all the other ratios.

The Treasurer indicated that by virtue of the merger with the CG Credit Union, the Credit Union benefitted tremendously as the Voluntary Shares increased by $261 Million in 2016. At this juncture she paused for questions from the floor.

Mr. Charles Hendricks pointed to the fact that the Financial Report stated that operating costs was rising and questioned what single factor led to the increase. He also asked whether any particular initiative was implemented on the part of the Board to control the growth in operating expenses in order to increase the profitability of the operation. The Treasurer said that it

was not easy to say that there was a single factor that led to the increase, as several factors contributed to the operating expenditures. She told the meeting that the painting of the Head Office and Lady Musgrave Road building would not be occurring next year.

In addition, she stated that as the Credit Union changed its organizational structure to be compliant with the BOJ requirements there would be certain costs that the organization would have to incur Mr. Vernon Lawrence commended the Treasurer and her team for doing a great job. However, he questioned whether the ratio of 16.37% for Institutional Capital was not too high, and asked that some of that amount should be distributed to the members. He also queried the figures for Repairs and Maintenance moving from $6 Million to $14 Million; Computer Expense moving from $15 Million to $22 Million, as well as Annual General Meeting Expenses, moving from $3.7 Million to $7.3 Million.

As regards to the AGM expenses, the Treasurer informed Mr. Lawrence that the Credit Union celebrated its 60th Anniversary in 2016. With regard to the repairs and maintenance, computer expenses, she said a significant portion of it was non-recurring.

At this juncture, the Chairman explained the reason for having the high Institutional Capital and that same was not available for distribution to members. Mr. Vernon. Lawrence said he agreed with the explanation given, but he was just wondering why it was so higher than the target set.

DISTRIBUTION OF SURPLUS

The Treasurer proposed that the surplus be distributed as follows:

• Dividend	$7,362,354
• Honoraria	$2,062,500
• Scholarship	$1,200,000
• Software Upgrade	$750,000
• Care-A-Bit	$750,000
• Building Reserve	$3,613,009
• Organizational Alignment	$8,000,000

President, Natalie Sparkes, presents a lucky member with a gift basket.

A motion for the approval of the Distribution of the 2016 Surplus was moved by Mr. Irvine Bansie and seconded by Mr. Charles Hendricks.

RESOLUTION ON CURRENT MAXIMUM LIABILITY

The Treasurer read the Resolution as written on page 113 of the AGM's booklet. The Resolution was moved by the Board and seconded by Ms. Sonia Smith.

SUPERVISORY COMMITTEE REPORT

The Chairman, Mr. Terrence Knight, invited a motion for the report to be taken as read. The motion was moved by Ms. Kim Robinson and seconded by Mrs. Cheryl Grant. He advised the meeting of the composition of the Committee. He added that in October of 2016 two members, Annmarie Raymond and Viris Jones-Reece, joined the Committee subsequent to the merger with CG Co-operative Credit Union.

The Supervisory Committee reviewed the following areas during the period: Delinquency, Proceeds of Crime Act, Audit Loan Transactions, Securities held for Loans, Sample of Cash and Cheques disbursed. The Chairman

noted that there were some weaknesses highlighted in some areas and the necessary recommendations had been submitted to the Board and Management for action. However, he stated that the Committee having analyzed the performance in the areas mentioned was satisfied that the internal controls implemented by management were adequate to safeguard the assets of the Credit Union and was in compliance with established principles and policies.

Chairman Knight invited a motion for the adoption of the Report. The motion was duly moved and seconded by Mr. Delroy Redway and Miss Kim Robinson respectively.

CREDIT COMMITTEE REPORT

This Report was presented by President Natalie Sparkes. She invited a motion for the Report to be taken as read. The motion was moved by Mr. Delroy Redway and seconded by Mr. Anthony Creary. She informed the members of the AGM that subsequent to the merger with CG Credit Union in October 2016, two members were added to the team: Mr. Clive Segree and Ms. Maxine Gardener. She also advised that based on the implementation of term limits within the Credit Union, some longstanding members would be leaving the Committee. Special commendation and thanks was extended to both Mr. Leroy Wilson and Ms. Tricia Robinson who were leaving the Committee.

During 2016 the Committee looked at 33 motor vehicle loans, 3 mortgage loans, and 70 home equity loans. For the period, 13,684 loans were disbursed valued at $1,776.27 Billion, while the amount for Motor Vehicle Loans was $306 Million. In terms of training, the Credit Union ensured that all members of the Committee were exposed to Proceeds of Crime Act (POCA) and Anti-Money Laundering training.

She invited a motion for the adoption of the report. The motion was moved by Ms. Margaret Morris and seconded by Mr. Stan Lewis.

LEAGUE DELEGATES REPORT

This Report was presented by Mr. Derrick Tulloch. He invited a motion that the Report be taken as read. The motion was moved by Miss Kim Robinson and seconded by Mr. Delroy Redway. He explained that the League Delegates were required to represent the Credit Union at League meetings such as Caribbean Confederation of Credit Unions (CCCU) and the World Council of Credit Unions (WOCCU) and the League's Annual General Meeting. The report presented by Mr. Tulloch gave a synopsis of the Movement's financial performance and some of what transpired at the Conference and AGM. He also advised that the Credit Union Act, would be going to Parliament and that by 2018, it is expected that all Credit Unions will be regulated by the Bank of Jamaica.

Mr. Tulloch invited a motion for the adoption of the report. The motion was moved by Mr. Clive Segree and seconded by Ms. Sonia Smith.

NOMINATING COMMITTEE REPORT

The Chairman invited Mr. Carl Grant to present the Nominating Committee Report. Mr. Grant indicated that there were some changes to the report that he wanted to bring to the members attention prior to the the presentation of the report. He advised that: Ms. Melinda Lloyd was replaced by Ms. Stacey Samuels, Glaister Dunkley was no longer up for nomination and therefore that position had become vacant, the term of Mr. Clive Segree and Ms. Maxine Gardner should reflect one year respectively, under the profile for Mr. Terrence Knight, the number of years should be two, for the Board of Directors, David Grey should be for two (2) years and Richard Palmer one (1) year and on page 112, the name "Deidre Codner-Campbell", Deidre should be spelt "Diedre".

Mr. Grant invited a motion for the Report to be taken as read. The motion was moved by Mr. Delroy Redway and seconded by Ms. Geraldine Watson.

Ms. Sonia Smith asked Mr. Grant to clarify his directives. She noted that the Credit Committee had five (5) persons serving for one year and two (2) persons serving for two (2) years. Mr. Michael Webb intervened and said he would be addressing the matter.

DIRECTOR OF ELECTIONS

Mr. Michael David Webb from the Department of Co-operatives and Friendly Societies was invited to perform the role of Director of Elections.

Minutes of the 62nd AGM *(Continued)*

He explained the process relative to how the elections would be conducted. He stated that along with persons recommended, he would be taking nominations from the floor, ballots would be distributed, votes would be taken and the elected determined by majority votes.

BOARD OF DIRECTORS

Retiring	*Nominated*	*Term in Office*
Derrick Tulloch	Terrence Knight	2 Years
Albert Dawkins	Donovan Cunningham	2 years
Fiona Johnson	Nickesha Eulette	2 Years
Earl Munroe	Earl Munroe	2 Years

The following persons were duly elected to serve on the Board of Directors: Messrs. Terrence Knight, Donovan Cunningham, Earl Munroe, and Ms. Nickesha Eulette,

Based on the signed Memorandum of Understanding with the former CG Co-operative Credit Union, the following directors will continue to serve on the Board.

David Grey	2 years
Richard Palmer	1 Year

SUPERVISORY COMMITTEE

Retiring from the Supervisory Committee were Melinda Lloyd, Glaister Dunkley, Corine McCalla, Viris Jones-Reece, Annmarie Raymond, Rolston McFarlane and Terrence Knight.

The following persons were duly elected to serve on the Supervisory Committee: Caphanne March, Stacey Samuels, Corine McCalla, Viris Jones-Reece and Annmarie Raymond.

CREDIT COMMITTEE

Retiring	*Nominated*	*Term in Office*
Phillip Lewis	Sheryll Brown	1 Year
Leroy Wilson	Paul Coombs	2 Years
Tricia Robinson	Diedre Codner-Campbell	2 Years

The following persons were duly elected to serve: Sheryll Brown, Paul Coombs, Diedre Codner-Campbell,

Based on the signed Memorandum of Understanding with the former CG Co-operative Credit Union, Mr. Clive Segree and Ms. Maxine Gardener will continue to serve on the Committee:

MOTION TO SELECT DELEGATES AND ALTERNATE DELEGATES

Mr. Michael Webb, the Director of Elections invited a motion from the floor to give the Board of Directors the authority to select the Delegates and Alternate Delegates to the Jamaica Co-operative Credit Union League. The motion was moved by Mr. Anthony Creary and seconded by Mr. Delroy Redway.

OBSERVATION

Mr. Michael Webb, before proceeding to the Resolutions, said that he observed where the Fixing of Maximum Liability and Distribution of Surplus were taken in the Treasurer's Report and that was not in keeping with the Agenda. He said that the representation was to place the Distribution of Surplus and Fixing of Maximum Liability as a subheading under the Treasurer's and Auditor's Report. He subsequently asked for a suspension of the Standing Orders. The motion was moved by Miss Sonia Smith and seconded by Miss Natalie Sparkes.

RESOLUTION FOR RULE CHANGE

Mr. Webb pointed out that the first rule change had to do with the merger of CG Co-operative Credit Union Limited, allowing other merging partners to be eligible for membership. He noted that the Credit Union was on a drive to increase its membership and mergers was one of the options. He outlined that the Current Rule had been amended to read "members and persons eligible to be members of the Credit Union that have merged with the Credit Union". The Director of Elections proceeded to take a vote on the rule change. He noted that there was 140 persons in the room and that 75% of 140 would be 105 votes, which would be needed to have the rule change passed. Voting was done by the show of hand. The Rule was passed. The motion was moved by Ms. Sonia Smith and seconded by Miss Natalie Sparkes.

Minutes of the 62nd AGM *(Continued)*

Staff members share in a song. From L-R - Christal Henderson, Dianaya Maxwell-Orr, Shantell Mitchell, Stacey-Ann Gillespie.

DRAWING OF PRIZES

Miss Natoya Mighty – ticket #035 - won a weekend for two at the Grand Palladium. Other members also won various gifts provided by the Credit Union stakeholders.

VOTE OF THANKS

The vote of thanks was done by Miss Alicia Burnett. She, on behalf of the Board thanked everyone for coming out and making the event the success it had been. She gave special thanks to the Campion College for hosting the event, the Department of Co-operatives and Friendly Societies, the photographer, and the members for their attendance.

TERMINATION

There being no other matter for discussion, the meeting terminated at 2:50 p.m. on a motion moved by Mr. Carlton Brown and seconded by Mr. Vaughn McDonald.

Pictorial Highlights
Scholarship Luncheon

Say cheese! - Awardees were all smiles at the Annual Scholarship Awards ceremony.

General Manager, Joydene Jarrett, presents a GSAT bursary award to one of the recipients, Abigail Smith.

Jade Green and Noellee Forbes give an acceptance speech on behalf of all GSAT bursary recipients.

General Manager, Joydene Jarrett (left) thanks Captain Kasan Troupe (right) for her keynote address with a gift basket.

Dream big! - Captain Kasan Troupe delivers an inspiring keynote address.

Pictorial Highlights
Scholarship Luncheon

President, Natalie Sparkes, presents a GSAT busary award to one of the recipients, D'Mario Johnson

Margaret Morris, the wife of co-founder Albert Morris, presents the Albert 'Bertie' Morris Scholarship to Jaidenn Williams

Jaidenne Williams, the 2017 Albert 'Bertie' Morris Scholarship recipient, gives his acceptance speech.

Bright Sparks! - Awardees listen keenly as President, Natalie Sparkes, imparts her wisdom.

Storytime - President, Natalie Sparkes (right), shares a story with Captain Kasan Troupe (centre) and General Manager, Joydene Jarrett (left).

Taville Henry gave a riveting performance

Board of Directors
Report

Fellow Co-operators,

The year 2017 came with its fair share of successes and failures. As a Credit Union, we were able to rely on the beauty of what makes us strongest to work to achieve our targets as we continue to navigate the various changes in the financial sector.

The tides are changing for Credit Unions with the impending Credit Union Regulations by the Bank of Jamaica, the introduction of IFRS 9 and other financial measures. It is not new that Credit Unions have been merging to make themselves more viable entities.

The ever increasing technological opportunities coupled with the ongoing regulatory changes is a clear indication to Credit Unions that it can no longer be business as usual. As Credit Unions, we now have to lead an innovative change, we have to become creative in how we target, serve and maintain both our new and existing members. We at JPS & Partners want to be the game changers, we want to lead and not follow. We have over 60 years of sound financial planning and execution on our side. Our forefathers have laid a foundation of being pioneers in the Movement.

Management and Board is not only ready to embrace and build on these changes but also to engage in strategic partnerships to ensure the continued culture of excellence.

OPERATING ENVIRONMENT

Growth in the local economy though not at the desirable levels have remained positive during the financial year. The economy is estimated to have grown by .5% compared to initial expectations of 1.5%. This modest growth was influenced by the growth in the services industry. The tourism sector is expected to show improved performance as it is the view that the economy stands to benefit from the low tourism markets in some Caribbean countries who were ravaged by hurricanes.

President Natalie Sparkes

The institutional reforms and efforts to improve the investment climate have started to show positive signs. The country's credit ratings have improved and our bonds are being traded at a premium in international markets. Economists are of the view that the country's growth signs should continue to improve based on the macroeconomic initiatives evidenced by modest inflation and stability in the exchange rate and the anticipated strengthening of output in all industries.

Unemployment grew by 2.3 %

Year end statistics from the Bank of Jamaica showed that the Jamaican Dollar appreciated by 2.60% against the USD in 2017. The Jamaican Dollar traded at $128.34: US$1.00 at the beginning of the year and closed the year at J$125.55: US$1.00.

The appreciation of the local currency saw consistent increases in the Net International Reserves (NIR) At the end of 2017, the NIR stood at US$3,208.29B compared

Our Directors

Natalie Sparkes
President

Alicia Burnett
Assistant Secretary

David Fleming
Director

David Grey
Vice President (Effective May 2017)

Deborah Campbell
Treasurer

Dwight Hart
Director

Earl Munroe
Secretary

Terrence Knight
Director

Donovan Cunningham, Director: Not photographed

Nickesha Eulette resigned effective November 2017

Richard Palmer resigned effective September 2017

to US$2,719.37B in 2016, giving Jamaica a very strong safety net.

The expectations are for rates to continue a downward trajectory given the ongoing call for lower rates in the financial market.

Treasury Bills closed the year at 4.18% and 4.63% for 90 and 180 days instruments respectively. The lower rates when compared to 2016 were all positives for the government as this resulted in less expenditure.

The inflation target for fiscal year 2017/2018 was 4%-6%. The rate as at year end was 5.2%.

The major challenge continues to be crime and violence and corruption. The government in a bid to address this situation has implemented Zones of Special Operations (ZOSO) to fight crime and restore Jamaica's reputation.

THE CREDIT UNION MOVEMENT

The Jamaica Cooperative Credit Union League (JCCUL) in 2017, celebrated 75 years of service to the Credit Union Movement. To mark this impressive milestone, the Movement throughout the year embarked on several activities to highlight it's contribution to nation building. The book - Founders and Keepers - a history book to commemorate the milestones in the Movement's history was launched. The book is a collection of reflections from stalwarts of the Credit Union Movement dating from 1939 to present.

The Movement ended 2017 with 28 Credit Unions relative to 32 Credit Unions at the end of 2016. The reduction in numbers resulted from mergers. It is expected that mergers will continue into 2018.

The Movement continues to engage in discussions with the Bank of Jamaica regarding the implementation of the Credit Union Regulations. The signs indicate that these long awaited regulations are moving closer to reality.

2017 Financial Performance

An overview of the League's Financial Performance during 2017 is provided below:

	Performance 2017		Performance 2016	
	Amount	Growth	Amount	Growth
SAVINGS	$80,75B	9.4%	$73.83B	8.42%
LOANS (net)	$71.68B	12.5%	$63.74B	7.15%
ASSETS	$104.1B	8.8%	$95.67B	7.85%
MEMBERSHIP	1,015,253	(1.3%)	1,028,182	2.88%

STANDING THE TEST OF TIME

Our Financial Performance

The performance of the Credit Union was against the background of an extremely competitive environment characterized by the continued proliferation of unregulated financial entities providing unsecured loans, regulated financial institutions offering increase loan amounts, increased credit card limits, and the consolidating of their operations to improve on profitability.

The financial soundness of our Credit Union is evident in its continued growth performance. The strategies employed over the years have built a solid reputation of financial success and the performance at year ended December 31, 2017 is no exception. Throughout this journey, we have never lost sight of our vision: "To be our member's financial partner for Life". We continue on our journey to not only place interest in the business of making a surplus but to also place interest in the lives of our members. We do this by ensuring that we provide our members with the means to make their dreams come through; own their own home, car or both and for them and their children to receive the best education available.

We have consistently paid annual interest on our members' voluntary shares and dividends on their permanent shares. We remain one of the few financial

institutions that charges minimal fees on its products and services.

During the year a number of objectives were pursued, to ensure the continued growth and viability of the Credit Union. Some of the objectives pursued included but were not limited to:

- Growth in the Loans portfolio
- Formation of Strategic alliances to grow membership
- Product promotional days
- Ongoing Interest rate reviews

Below is a summary of the Credit Union's performance for 2017.

	2017 $M	2016 $M	GROWTH +/- %
Shares	1,247.13	1,205.92*	3,42
Deposits	1,964.16	1,918.02*	2.41
Loans	2,655.58	2,445.36	8.60
Total Assets	4,223.63	4,110.37	2.76
Surplus	41.96	30.61	37.10
Institutional Capital	681.05	672.77	1.25
Membership	14,196	13,796	3

**Reclassified*

JPS & Partners Co-operative Credit Union Limited

Financial Performance

Shares and deposits recorded modest growth. Diversification of their investment portfolio by some members and some levels of dis-savings by others have contributed to the recorded growth.

During the year a number of loan initiatives were instituted. This led to the achievement of the growth in loans. The "Go Ahead" promotion which saw the Credit Union offering reduced rates, repayment periods and share requirement on our Home Equity Loans, Mortgage facilities, Motor Vehicle and our unsecured Salary Enhancer facility. Overall, rates were reduced to as low as 8% on motor vehicle loans and 8.88% and 9.49% on mortgage and Home Equity loans respectively. No share or as little as 3% share requirement was also offered to our members during the promotion.

The Credit Union also extended its loan amnesty on charged off loans. During this promotion, members got the benefit of a reduction in accrued loan interest. This initiative gave our members the opportunity to liquidate their debts and improve their credit ratings at the same time.

Our members also continue to benefit from our Loyalty Programme which allows them to benefit from a 1% reduction in interest paid and a 1% increase in interest earned on some investment and loan products.

Risk based lending was also introduced in 2017. Our members with high debt ratios are still able to access loans from their Credit Union based on assessment.

We planned strategically and through the efforts of our various stakeholders, provided improved products and services and enhanced the level of member care. These efforts culminated in our achieving a surplus of $41.96M.

Our Institutional Capital is the reserve set aside to cushion the Credit Union against internal and external shocks. The present position represents approximately 1.25% increase over the 2016 figure of $672.77M It also represents a relatively strong position of 16.12% of total assets and remains as one of the highest in the Movement.

MEMBERSHIP

Our Foundation

Considering all the financial options that are available, an amazing level of support was provided by our members who remained loyal and faithful to their credit union despite being enticed by traditional deposit taking institutions who have become more

aggressive in their offerring of unsecured lending, more intense rivalry in the lending market and the offerring of same day loans from the alternate investment schemes which have grown exponentially.

In 2017 our membership grew by 3% with 400 new members joining the JPS & Partners family. The target set was 4%. We achieve this growth through location visits, brand representation in our partner companies to keep JPS & Partners top of mind, youth members transistioning to adult membership and members bringing their eligible family members to join. We continue to applaud the efforts of location representatives and members and other volunteers who continue to recommend new members to be a part of the benefits of the Credit Union.

Five Year Financial Performance 2013-2017

	2017 ($M)	2016 ($M)	2015 ($M)	2014 ($M)	2013 ($M)
Shares	1,247.13	1,205.92*	947.58	893.72	831.11
Deposits	1,964.16	1,918.02*	1,858.46	1,901.54	2,005.03
Loans	2,665.58	2,445.36	2,071.42	1,957.32	1,905.40
Total Assets	4,223.63	4,110.37	3,700.35	3,675.20	3,703.52
Surplus	41.96	30.61	41.36	41.82	30.47
Institutional Capital	681.05	672.77	600.29	592.01	578.65
Members	14,196	13,796	11,840	10,249	9,851

**Reclassified*

DELINQUENCY MANAGEMENT

Our delinquency management initiatives were a mix of successes and challenges.

We achieved a delinquency ratio of 2.29%, well within the industry standards of 5%. Our budgeted ratio was 3.5%.

The employment of a number of strategies throughout the year ensured that we ended the year with a very low ratio. Our successes came through the use of social media to contact our members, some who having acknowledged their debt obligations made arrangements for payment, financial counseling as an integral part of the loan assessment process, debt consolidation which gave the members the relief that results from lower monthly repayments and the repossession and sale of some assets used as collateral for loans. In 2017 the Credit Union having signed with several credit bureaus began releasing credit information for third party credit

Year	Total Loans	Delinquent Loans	Delinquency Ratio
2016	$2.45B	$51.1M	2.07%
2017	$2.68B	$61.21M	2.29%

checks. This was quite significant as members who weren't able to acquire loans elsewhere because of their loan delinquency with the Credit Union, had to make good on their outstanding loans.

Despite the efforts of the team for prudence and loans portfolio management we saw an emerging trend where many of our members migrated without putting the necessary plans in place to settle loans including Mortgage, Motor Vehicle, Salary Enhancer and other unsecured Loans.

COMPARISON OF DELINQUENT LOANS 2017/2016

Legal action was initiated against five (5) members for property related loan facilities, one (1) property was successfully sold, three (3) members entered into payment arrangements to settle their arrears while one (1) property is currently being advertised for sale.

Two other properties were also sold. Three (3) motor vehicles were assigned for repossession, one was repossessed and sold. Our Debt Collector despite his best efforts is yet to locate and repossess the other two vehicles.

The loan amnesty programme for delinquent loans exceeding one year is ongoing. This programme gives members the opportunity to benefit from a reduction in accrued interest once certain conditions are met. This programme also help to improve their credit ratings.

MAINTAINING OUR COMPETITIVE EDGE

Comprehensive Product Line

Our range of products offered, hold true to the line "Your Financial Partner for Life". Our 2017' theme "Your future, our focus" led us in an intense promotion to be by our members' side in offering a copious package to Go Ahead and accomplish life's goals.

This loan promotion aligned with significant milestones in our members' life including home, tuition, motor vehicle, marriage and any other personal goals our members were desirous of pursuing.

The Credit Union acknowledges that our members' needs will always be first and as such, we are cognizant of the fact that our products not only need to be packaged to meet those needs but also relevant and affordable. Seasonal loans remain a popular option among members; Valentine's Day, Mother's Day, Father's Day, Back to School, Furniture and Christmas Combo loan solidifies our thrust to offer relevant products.

Our investment options continue to be matchless in the market; Partner Plan, UGain, Christmas Savings Plan, Lifelong and Fixed Deposits never cease to maximize returns on our members' investments.

On a daily basis, there is diligent management of our investment portfolios, rates at investment houses are constantly negotiated to maximize income, and these rates in turn lead to the Credit Union passing on rates to our members which rival any other institution.

Loan Protection and Life Savings Insurance Coverage

We continue to provide our members with life insurance coverage over their loans and savings with the Credit Union. Our members' loans and savings are insured for up to $2M on loans and $1,000,000 for savings. This knowledge that their loans and savings are insured has provided piece of mind to our members.

THE WORK FORCE IN PLACE

Competent and Committed Team

To be "Your financial partner for life", the Credit Union needs a competent and committed team – a team that will continually use the core values of Integrity, Trust, Service, Accountability and Prosperity

Board of Directors Report *(Continued)*

to fulfil that goal. Not enough praise can be heaped on the dedicated team that continues to work hard to maintain the financial success of the Credit Union.

Your Credit Union continues to integrate improvement into human resources which play a critical role in ensuring that we have a high-performing and engaged workforce equipped to deliver results for our members. Discussions were had and plans put in place to have an aggressive training plan for development to have well trained staff for smooth succession planning. During the year, several team members were provided with internal as well as external training and developmental courses from accredited facilitators and institutions. All employees successfully completed all six required Proceeds of Crime and Anti Money Laundering examinations. Training in Risk Management is provided to all staff.

At JPS & Partners the entire team is accountable to you the member in providing the suite of products and services in the best way possible. To further improve upon this, a performance appraisal management system will be implemented in 2018.

We experienced turnover of staff during the year which ultimately led to several new staff joining the team. We bid goodbye to stalwarts and welcomed new faces across the branches.

Your Management Team

Joydene Jarrett (MBA)	General Manager
Natalie Murray (BSc)	Credit Manager
Dianaya Maxwell-Orr (BSc)	Chief Accountant (Acting)
David Goodlitt (BSc)	Operations Manager (Acting)
Adrien Titus (MBA)	Human Resource Manager
Marjorie Richards-Johnson (MBA)	Treasury Manager (Acting)
Sandra Robinson-Brown (BSc)	Risk & Compliance Manager
Carl Grant (MBA)	Branch Manager Ewarton
Marie Young-McNamee (BSc)	Branch Manager (Acting) Kirkvine
Shantell Mitchell (Diploma - Accounting and Business)	Branch Supervisor (Acting) Ocean Blvd.

STAFF COMPLIMENT

Category	Number
Permanent:	
- Management	9
- Other	22
Contract/Temporary	17

Corporate Governance

One of the main objectives of the governance framework is to ensure that compliance with regulations and best practice as set out by the Jamaica Co-operative Credit Union League, the Bank of Jamaica and other regulating bodies is adhered to. All Staff, Board Members and Volunteers are required to sign a Code of Ethics annually. Conflict of Interest and Confidentiality Agreements are also signed by Staff and Board members in keeping with the Credit Union's thrust on integrity, confidentiality and transparency. Background checks are also undertaken prior to staff engagement. New employees are also required to provide the Credit Union with a Police Report prior to employment.

Based on the rules of the Credit Union, directors shall retire from the Board of Directors, once they have served three (3) terms in office. They are eligible for re-election one year after demitting office. Consequently, the Board has always through the Nominating Committee sought to select persons who are of the highest integrity, possess the required competencies and are fit and proper to hold such office.

Board of Directors Report *(Continued)*

Board of Directors

The Board's summarized duties entail approving and monitoring the annual strategic plan, revising and altering the direction in light of changing circumstances whilst taking action when performance falls short of its goals or special circumstances dictate such. This responsibility is evidenced by the plans in place relating to the implementation of the new IFRS 9 Accounting Standard. They have always acknowledge their accountability to the Credit Union as Directors and also their responsibility to foster the Credit Union's short and long term success.

To achieve this, every year the Board along with persons from the Statutory Committees, Management and Staff dedicate an entire weekend to review the prior year's performance against strategic goals set and to plan the way forward for the ensuing year. The Board also meets on a monthly basis to review the operations and performance of the Credit Union. Special Meetings as required are also held.

The Board of Directors is required to be trained annually in both the Proceeds of Crime and Anti-Money Laundering Act and the Counter Financing of Terrorism Act. All directors who attended the training and sat the examination thereafter were successful.

Board Composition

During 2017, eleven (11) persons served as Directors on the Board of the Credit Union. As a Board, it is their responsibility to review and drive policies that will help the Credit Union to improve its products and services, strengthen relationships and generate a surplus to return to members in the form of interest and dividends.

During the year, Mr. Richard Palmer and Ms. Nickesha Eulette resigned from the Board. Mr. Richard Palmer's vacant positions was filled by Mr. Clive Segree who transitioned from the Credit Committee. Ms. Eulette resigned at the end of 2017. This position will be filled in 2018. In accordance with the Rules of the Credit Union, the selected directors will hold office until the next AGM in 2018.

We thank both directors for their contributions

Attendance at Board Meetings

The attendance of Directors at monthly board meetings is detailed below.

Directors	Position	Possible	Actual	Excused
Natalie Sparkes	President	14	14	nil
Albert Dawkins	Vice President	5	5	nil
Deborah Campbell	Treasurer	14	14	nil
Fiona Johnson	Asst. Treasurer	5	5	nil
Earl Munroe	Secretary	14	14	nil
Alicia Burnett	Asst. Secretary	14	13	1
Dwight Hart	Director	14	11	3
David Grey	Vice President *(Effective May 2017)*	14	12	2
Derrick Tulloch	Director	5	2	3
Richard Palmer	Asst. Treasurer *(Effective May 2017)*	10	5	5
David Fleming	Director	14	10	4
Terrence Knight	Director	9	8	1
Donovan Cunningham	Director	9	7	2
Nickesha Eulette	Director	9	3	6

Infrastructure and Development

The mandate of this Committee is to plan and implement technical projects as set out and approved by the Board of Directors and to provide technical assistance to the Credit Union as it relates to both planned and unplanned activities.

During the year, the committee worked on and completed the following projects:

- The re-pavement and remarking of the car park at the Half Way Tree Road Office.
- The acquisition and installation of an automatic sliding security gate at the Half Way Tree Road office.
- The repainting and general facelift of the Ewarton branch office.
- The scheduled full scale indoor air quality tests and review of the Half Way Tree Road office and the attendant monitoring and maintenance work to ensure continued good indoor air quality environment for our staff and members.

In addition to the above, the normal building and other maintenance work were carried out at all our offices and at our Lady Musgrave Road property.

For year 2018

The Committee will be actively pursuing the following:

- Formal modification of the restrictive covenants governing the use of the Lady Musgrave Road property. This is to pave the way for the future use and development of the property in accordance with the Credit Union's vision.
- The approval of and the reconfiguration of our water supply infrastructure at the Lady Musgrave Road property. The intention is to provide each tenant with their own metered water supply.
- Continued remedial work to ensure that the air quality within the head office building remains within the applicable standards.

INFORMATION TECHNOLOGY

With the merger of the former CG Credit Union and the relocation of the office to the new location in the Ocean Mall Shopping Centre, Down Town Kingston in the first Quarter of 2017, the IT team focused on ensuring that the technology required to operate seamlessly in a safe and secure environment were in place.

With the completion of the merging of the databases in the third quarter, our members are now able to access their financial information and transact their business at any of our branch locations.

During the year, the Credit Union acquired a new automatic Teller Machine (ATM). This machine is based at our Ewarton Branch. The procurement of this new machine was to ensure that our card processing facility was compliant with international security standards and that our members card transaction processing were done in a secured environment.

For 2018, focus will be on the upgrading of our servers, the launching of our new website and the commencement of a project to install a new cooling system in the IT room.

INVESTMENT IN EDUCATION

We believe that an investment in education pays the best interest and as such, the Credit Union in 2017 continued its thrust towards the advancement of student achievement through the provision of the necessary resources such as scholarships, learning material and mentoring. Each activity has the underlying theme of advancing education, making it easier for every child we can assist to attain self-mobility. We achieve this by ensuring that our annual financial budget carries a line item to assist with this investment. Our partnership with Central Branch All Age School goes beyond annual scholarships. Our commitment to assist in the improvement of their literacy level sees us participating in reading programmes at the institution and the distribution of 100 copies of the Children's Own newspaper on a weekly basis. This is another of our initiative to ensure that children at this institution are provided with reading material.

Board of Directors Report *(Continued)*

Scholarships

At the annual Scholarship & Awards Luncheon, the Credit Union awarded 60 scholarships and bursaries valued at approximately $4 million. These scholarships were awarded to 55 top performers in the GSAT exams, students from our partner schools Central Branch All Age, The Queens School and one tertiary level scholarship - the Albert "Bertie" Morris Scholarship. The high school/ GSAT bursaries each valued at $12,500.00 provides assistance with school expenses. The bursary is renewable for five (5) years. The child however must maintain at least a "B" average throughout their high school tenure.

Youth Savers Camp

July is deemed as our summer camp month and saw most of our youth savers participating in a one (1) day camp at the Campion College. Our youth savers participated not only in sporting activities but were also engaged in activities which fostered sound financial habits. Activities included budgeting, borrowing and vision boards for planning ahead.

Donations

In 2017 we also made contributions and donations in cash and kind to our partner schools. These include St. John Bosco Career Advancement Institute, Central Branch All Age School, Polly Ground Basic School, Merrion and St. Mary's the Virgin Basic Schools. All donations were geared toward creating a space conducive to learning that can bring out the best in each student no matter the age.

In December, we hosted our first Christmas Children Treat for all our partnering schools. The Credit Union feted the children with fun rides and refreshments. Each child from our partnering basic schools received a personal gift directly from JPS & Partner's Santa Claus. Children of our employees were also presented with gift certificates.

MEMBER RELATIONS

Beyond All Limits

Each year, October is celebrated as Credit Union Month worldwide, a month we use to thank and celebrate with our members. October 2017 was no different.

Member Appreciation Days were hosted across all branches. Members were feted and were given a token, to show our appreciation.

During Credit Union Month we also launched the Creative Writing and Poster Competition among all our partner schools. The competition's main aim was to inspire creativity and build upon literacy skills. The entrants each had facilitators to guide them along the way. This not only made reading and writing a developing skill but also imagination, evidenced by the inspiring words of Life Coach Rasheen Robinson at their awards function to "Dream on Purpose". This competition was strategically designed to build an affinity to the Credit Union. Their creative efforts surrounded the theme "Credit Unions: Dreams Thrive here".

SOCIAL RESPONSIBILITY

2017 – BEYOND ALL LIMITS

Social responsibility took the form of assistance to our internal and external stkeholders. As part of our outreach programme, the Credit Union continued to make contributions in cash and kind to organizations in need.

The Care-A Bit Fund established many years ago, continues to provide assistance to members who were faced with major disasters and illnesses. They benefit from grants up to a maximum of $30,000.00

Monthly health checks continues. Each month a partnering nurse comes into the Credit Union to provide our members with medical check-ups.

Board of Directors Report *(Continued)*

Our financial assistance to all our partnering schools continues. Visits were made to all our partnering schools during Credit Union Month.

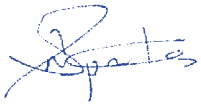
Way Forward

- To form strategic partnerships with other entities.
- Shares, Deposits and Loans growth stimulation
- Increased visits to locations islandwide
- Continue staff training and development
- Review and implementation of key policies and operating procedures.
- Continue preparation for the implementation of the Credit Union Act.
- Continue to provide you, our members, with quality service while always seeking to improve our offerings as we work to be your continued financial partner for life.

CONCLUSION

- On behalf of the Board of Directors, I thank God for His continued guidance and blessings throughout the years.
- We also thank the Lord for all the stakeholders within the organisation who consistently displayed values of leadership, dynamism and teamwork. These are: **our Members**, who have always committed their financial well-being to us even in difficult times, **Management**, for their commendable performance, the **Staff**, who never fail to go the extra mile, **Volunteers**, who committed their time and energy.
- Special thanks to the Board, management and staff of JPS, JEP,NESOL, JPPC, UC RUsal, Jamaica Revenue Centres, and Digicel for their invaluable partnership.
- Special thanks also to: the Credit Union League, CUFMC, CUNA Caribbean Ins. Co. Ltd., Jamaica Co-operative insuurance Agency (JCIA) and the Registrar of Co-operatives and Friendly Societies for their continued support. Crowe Horwath Chartered Accountants, external auditors and Smith and Assocates, internal auditors.

Co-operatively,



Natalie Sparkes
President

Treasurer's Report

I take pleasure in presenting the Treasurer's Report for the year 2017 to this our 63rd Annual General Meeting.

ECONOMIC OVERVIEW

During 2017, the economic reform programmes introduced by the Jamaican government to satisfy the International Monetary Fund (IMF) requirements, resulted in some positive movements in the macroeconomic indicators.

The inflation rate of 5.2% was in keeping with target, the Jamaican currency appreciated by 2.7% against its major trading currencies when compared to a 6.7% depreciation for 2016. The country recorded its lowest unemployment rate since 2009 at 11.7%.

The year however, proved to be very challenging for the financial services industry.

The Bank of Jamaica (BOJ) introduced a more accommodative monetary policy which resulted in the lowering of interest rates on two occasions to close at 4.18%, 4.63% and 5.45% on 90,180 and 270 days Treasury Bills respectively. Also, by the end of the 2017 there were two (2) new entrants to the commercial banking sector.

In spite of this fiercely competitive marketplace, our Credit Union performed well in most areas of its operations, achieving a Net Surplus of $41.96million before any adjustments.

All efforts will be made to continue to introduce strategies to increase market share and implement specifically designed products to attract our existing and potential members.

Major developments in 2018 will include satisfying new regulatory requirements of the BOJ and implementing the changes in the International Financial Reporting Standards or IFRS9.

This will lead to additional costs, particularly for loan loss provisioning, but the initial 'one off adjustment' to bring it into effect as at Jan 1, 2018, will not have an adverse effect on the Credit Union's reserves. The Management

Deborah Campbell

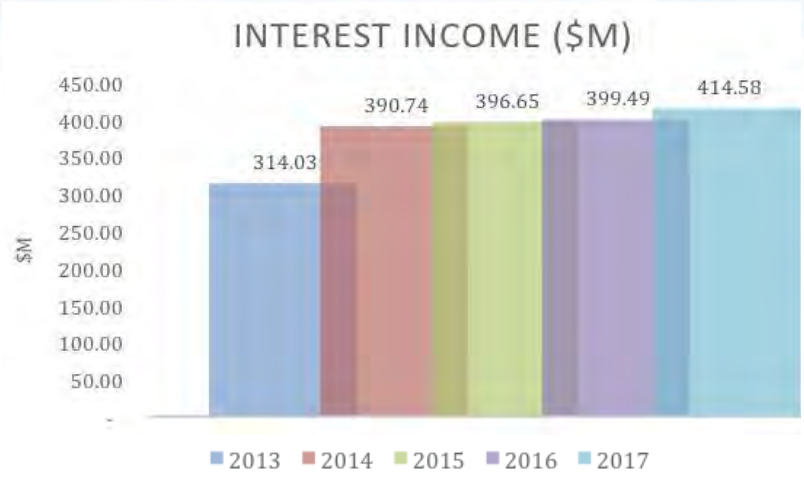
and its team have worked diligently to ensure that the Credit Union becomes compliant with all regulatory requirements.

FINANCIAL PERFORMANCE

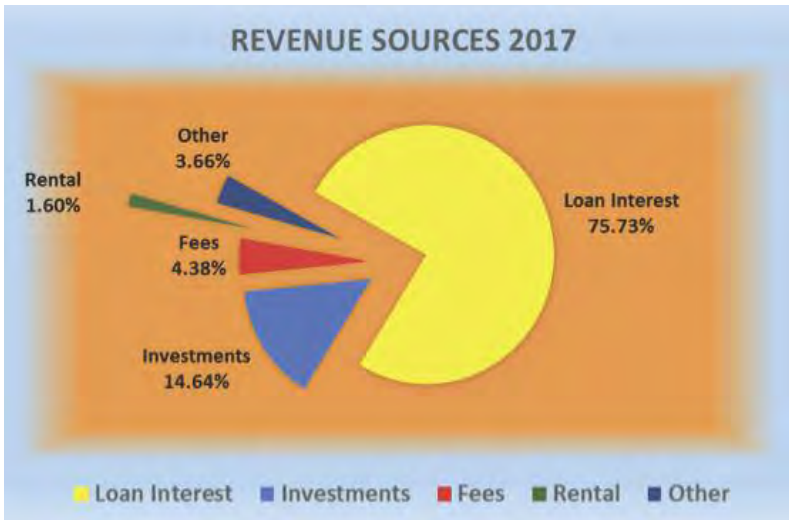
INCOME

Interest income of $414.57M reflected an increase of $15.09M or 3.64%, over 2016. The modest movement is a result of the relatively low rates earned on investments as the government continues with its low interest rate regime. Despite this limitation, prudent management ensured that the best available rates were received on our various investment instruments. Our Credit Union continues to maintain its investment portfolio in government instruments, the Jamaica Co-operative Credit Union League (JCCUL) and other approved investment houses.

Treasurer's Report *Continued*



Revenue Sources



The Interest income derived from loans remains our principal source of income. Whilst the loan portfolio mix remained constant. Interest on loans increased by 2.1% over 2016 to account for 75.73% of Total Revenue. Investment income contributed 14.64%, while 4.38% was earned from fees, 1.6% from property rental and 3.65% from other sources.

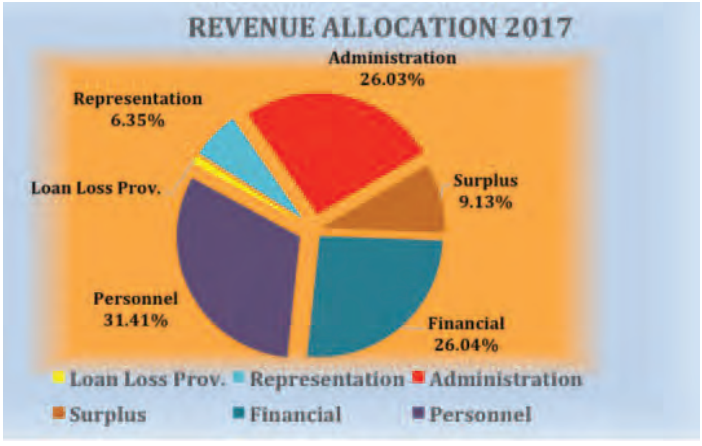
EXPENSES

Interest expense totaled $102.43M, reflecting a reduction of $3.85M or 3.76% when compared to the previous year's figure of $106.27M. Interest of 2% was paid on voluntary shares in 2017 compared to 3% paid in 2016. This downward adjustment became necessary due to the lower earnings on our Investments over the same period.

Operating expenses increased by 6.55% or $19.13M over 2017 moving from $273.17M in 2016 to $292.30M in 2017. Results for 2017 include the operations of the new branch for the entire year when compared to only the last quarter in 2016.

Personnel Expenses increased by $9.81M or 6.79% over 2016. This is comprised of salary and benefits awarded to staff under the Collective Labour Agreement, along with education, training, health and uniform benefits.

The chart below highlights the areas in which the Credit Union's revenues were utilized. That is, 31.41% on personnel expenses,



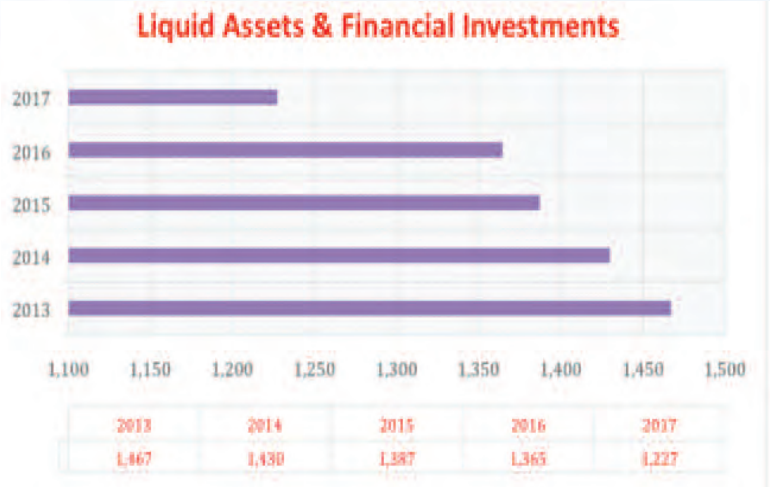
Treasurer's Report *Continued*

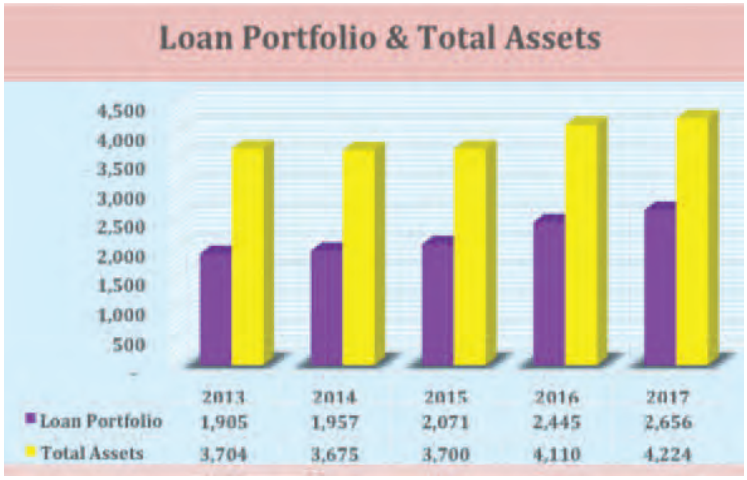
26.04% was spent on financial expenses, 26.03% for administration expenses, 6.35% for representation cost, 1.04% for loan loss provision, with 9.13% remaining as surplus.

BALANCE SHEET

Total Assets for 2017 increased to $4.22 Billion, which represent an increase of $113.25M when compared to 2016.

Loans to members increased by $210.22M or 8.6% over 2016. The portfolio balance stood at $2.66B at the end of 2017. Loan promotions introduced throughout the year yielded positive results despite the competitive and declining interest rate environment within which we operated.





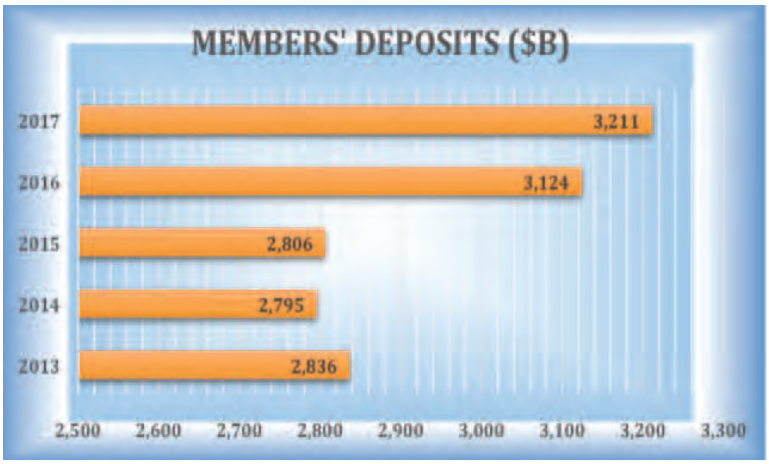
Liquid Assets and Financial Investments ended the year at $1.23B, which is a 10.05% reduction when compared to 2016. The channeling of loans on which a higher interest rate was earned was the primary contributing factor for the reduction.

Members' deposits and voluntary shares increased by $87.36M or 2.8% moving from $3.12B in 2016 to $3.21B in 2017. The compulsory savings requirement attached to some loan products contributed to the growth.

We experienced some amount of dis-savings during the year as members withdrew funds for investment in higher income earning products such as stocks and shares.

Loan delinquency as at year end stood at 2.29% of the loans portfolio. This is a marginal increase of 0.22% when compared to 2016 delinquency ratio of 2.07%. Our loan delinquency ratio remains well within the international Credit Union benchmark of 5%.

Management will continue to be vigilant in their efforts to maintain low levels of delinquency throughout the coming year. The Credit Union continues to provide financial counselling to members and when necessary, utilize all avenues for recovering the amounts owed by some of our members who continue to renege on their agreed repayment arrangements.



Treasurer's Report *Continued*

PEARLS RATIO ANALYSIS

PEARLS Ratios	Standard %	2017 %	2016 %	2015 %	2014 %	2013 %
Net Loans /Total Assets	60-80	62.81	59.49	55.98	53.25	51.45
Savings Deposits/Total Assets	70-80	75.95	76.00	75.83	76.06	76.58
Institutional Capital/Total Assets (C)	>=10	15.91	16.37	16.22	16.11	15.62
Total Delinquency/Gross Loans Portfolio	<=5	2.29	2.07	3.22	4.72	3.13
Operating Expense/Average Assets	<=8	6.94	6.99	6.68	6.28	6.1
Gross Margin/Average Assets	*C>=10	7.92	7.78	7.81	7.41	7.07

The Society continues to perform well as measured by the universal Credit Union standard PEARLS ratios. At December 31, 2017 Institutional Capital stands at 15.91% of Total Assets in comparison with the minimum standard of 10%, an indication of the organization's strong capital base.

The favourable Operating Expense and Gross Margin ratios of 6.94% and 7.92% respectively, are evidence of the continued prudent management of the Credit Union's resources. Loans/Total Assets continued to improve; the ratio moved from 59.49% at the end of 2016 to 62.81% at December 31, 2017 which is within the PEARLS standard of 60-80%. Total Savings deposits decreased by 2.8% during the year. Savings/ Total Assets ratio maintained a positive position moving marginal to 75.95%.

CONCLUSION

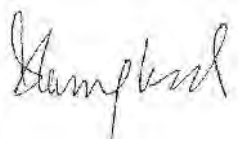
The year 2017 was a very challenging yet ultimately successful one for the Credit Union as we were able to record a surplus of $41.96 million. Continuous improvements on our banking platform were realized as our members were better able to transact business remotely with the Credit Union. The Credit Union also achieved an 8.6% growth on its portfolio while controlling delinquency at 2.29%.

We commit to the continued improvement of service delivery, the expansion of our branch network and service locations across the island, the development of affordable, relevant products for our members and the prudent management of the resources of the Credit Union.

ACKNOWLEDGEMENTS

We give thanks to God for His continued guidance and blessing. The Treasury thanks and commends the management and staff for their hard work and dedication towards the continued success of the Credit Union.

Our sincere gratitude is also extended to fellow members of the Board, other volunteers, our auditors Crowe Horwath, the Registrar of Co-operative Societies, the Jamaica Co-operative Credit Union League Limited, our partner companies and to you our valued members for your support throughout the year. We will continue to provide you with the very best products and services available as your premier financial partner for life.



Deborah Campbell
Treasurer

Treasurer's Report *Continued*

5 YEAR COMPARATIVE FINANCIAL SUMMARY

	2017	2016	2015	2014	2013
INCOME STATEMENT	**$M**	**$M**	**$M**	**$M**	**$M**
Interest Income	414.58	399.49	396.65	390.74	314.02
Interest Expense	119.73	125.05	133.71	135.13	108.44
Net Interest Income	294.84	274.44	262.94	255.61	205.58
Increase in Prov. For Loan Loss	4.76	12.11	12.13	14.83	14.19
Net Interest Income after Provision	290.08	262.32	250.81	240.78	191.38
Non - Interest Income	44.18	41.47	36.2	32.71	30.83
Gross Margin	334.26	303.78	287.01	273.49	222.21
Operating Expense	292.30	273.17	245.65	231.68	191.74
Net Surplus	**41.96**	**30.61**	**41.36**	**41.82**	**30.47**
BALANCE SHEET	**$M**	**$M**	**$M**	**$M**	**$M**
Total Assets	4,223.63	4,110.37	3,700.35	3,675.19	3,703.51
Members' Voluntary Shares	1,247.13	1,208.67	947.58	893.73	831.1
Permanent Shares	74.74	74.14	70.48	70.12	60.03
Loans to Members	2,655.58	2,445.36	2,071.42	1,957.32	1,905.40
Members' Savings Deposits	1,964.17	1,915.27	1,858.46	1,901.55	2,005.02
Financial Investments & Liquid Assets	1,227.39	1,364.51	1,387.11	1,429.78	1,467.08
Institutional Capital	681.16	672.77	600.29	592.01	578.64

Treasurer's Report *Continued*

INCOME & EXPENDITURE

2016		2017	GROWTH/ (REDUCTION)	PERCENTAGE CHANGE
$		$	$	%
	OUR INCOME WAS EARNED FROM			
325,427,191	INTEREST ON MEMBERS' LOANS	347,419,959	21,992,768	6.76%
74,058,545	INTEREST ON INVESTMENTS	67,156,286	-6,902,259	-9.32%
41,460,943	OTHER INCOME	44,181,573	2,720,630	6.56%
440,946,679		**458,757,818**	17,811,139	4.04%
	OUR COSTS TO OPERATE THE CREDIT UNION WERE:			
106,273,278	INTEREST ON MEMBERS' SAVINGS	102,425,225	-3,848,053	-3.62%
18,774,921	OTHER FINANCIAL COSTS	17,307,386	-1,467,535	-7.82%
29,167,149	REPRESENTATION & AFFILIATION	29,173,997	6,848	0.02%
105,260,114	ADMINISTRATION	115,548,386	10,288,272	9.77%
12,119,937	PROVISION FOR LOAN IMPAIRMENT	4,761,725	-7,358,212	-60.71%
134,609,612	PERSONNEL	144,415,553	9,805,941	7.28%
4,131,839	MARKETING & PROMOTIONS	3,164,676	-967,163	-23.41%
410,336,850		**416,796,948**	6,460,098	1.57%
30,609,829	**LEAVING A BALANCE OF**	**41,960,870**	11,351,041	37.08%
	FROM WHICH WE SET ASIDE			
6,121,966	20% STATUTORY RESERVE	8,392,174	2,270,208	37.08%
	UNDISTRIBUTED HONORARIUM	-	-	
24,487,863	**NET SURPLUS REMAINING**	**33,568,696**	9,080,833	37.08%

Treasurer's Report *Continued*

What is IFRS 9?

IFRS 9 is a new International Financial Reporting Standard that will change the way how banks, credit unions and other financial institutions calculate provisions for bad debt on loans and other types of financial instruments. This standard was implemented January 01, 2018 and replaces an old standard called IAS 39.

The implementation of the Standard represents a shift from how Credit Unions and other financial institutions calculate provisions on loans and other financial instruments; i.e. a shift from an incurred (actual) loss approach to an expected loss (forward looking) approach. The Standard requires that institutions carry out an assessment of their loans and portfolio investments to determine the probability of default and thereafter estimate the credit loss that could occur. In other words, the Standard assumes that there is always a probability that borrowers will default on their loans and so a provision based on this probability must be made even from day one of the loan agreement.

All credit unions within the Movement are required to comply with the new IFRS 9. Credit Unions that fail to abide by this standard will not have their accounts qualified. It is therefore very important that we all be fully prepared to adopt IFRS 9 in a timely manner.

How will this affect our Credit Union?

Institutions which have adopted the Standard effective January 01, 2018 are required to calculate an opening impairment provision known as expected Credit Loss (ECL) on their loans and investment portfolio as at December 31, 2017. The impact of IFRS 9 on credit unions will be a significant increase in our overall expenses. Provision for losses on all financial instruments, implementation cost and annual support fees are some of the major expenses. We will be required to put aside more money to take care of expected losses. These expenses will impact our bottom line and ultimately the amount that we can payout as interest and dividend to you our members.

How will the Credit Union Manage the Effects?

Our staff have participated in a number of forums and training sessions arranged by the League As such the Credit Union is well prepared for the implementation of IFRS 9.

Our Team Members : Half-Way Tree Road

Joydene Jarrett
General Manager

Andy-Raye Grapine
Marketing Officer

Atalia Barnett
Member Service Representative

Audrey Coward
Member Service Representative

Chavez Williams
IT Administrator

Christal Henderson
Delinquency Officer

Danielle Dyke
Member Service Representative

Sandra Robinson-Brown
Risk and Compliance Manager

Joan Williams
Office Attendant/Bearer

Kevin Embden
Member Service Representative

Mark Campbell
IT Administrator

Suzette Leung
Telephone Operator /Receptionist

Tavia Manhertz
Securites Officer

Zurie Johnson
Marketing Officer

Our Team Members : Half-Way Tree Road *(Continued)*

Natalie Murray
Credit Manager

Marcia Lewis
Credit Officer

Bevanny McKenzie
Credit Officer

Peter Allen
Credit Officer

Sharon Walker
Credit Officer

Chanick Miller
Accounting Officer

Fay Simpson
Accounting Officer

Dianaya Maxwell-Orr
Acting Chief Accountant

Vernick Brown-Jaddoo
Accounting Officer

Javan Turner
Archivist

Our Team Members : Half-Way Tree Road *(Continued)*

David Goodlitt
Acting Operations and IT Manager

Adrien Titus
HR Manager

Marjorie Richards-Johnson
Acting Treasury Manager

Our Team Members : Ocean Boulevard

Shantel Mitchell
Acting Branch Supervisor, Ocean Boulevard

Sharon Dixon
Member Service Representative

Stacey-Ann Gillespie
Clerical Assistant

Tina-Gaye Douglas-Wee-Ellis
Filing Clerk

Our Team Members : Ewarton

Carl Grant
Branch Manager, Ewarton

Janet Russell
Office Attendant/Bearer

Jerdean Gregory
Clerical Assistant

Judine Richards
Administrative Assistant

Sonia Robinson
Credit Officer

Stephanie McDonald
Business Support Technician

Our Team Members : Kirkvine

Marie Young-McNamee
Acting Branch Manager, Kirkvine

Anthony Brown
Clerical Assistant

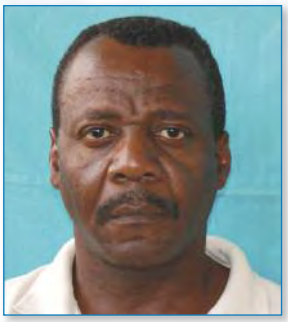
Beverly Allen
Member Service Representative

Janet Holness-Williams
Accounts Relations Officer

Kenesha Sinclair
Credit Officer

Sharon Wilkinson
Office Attendant, Bearer

Meet Our Location Representatives



Albert Henry
JPS Old Harbour

Audley Richards
JPS Mandeville

Donna Barrett
JPS Rockfort

Jullite Reeves
JPS Paradise

Blondette Wright
JPS Old Harbour

Clover Green Gordon
JPS Falmouth

Dorothy Paisley Lee
JPS Spanish Town

Hortense Hall
JPS New Kingston

Christine Roberts
Jamaica Private Power Co.Ltd

Debourne Martin
Digicel - Kingston

Hyacinth Mullings
JPS Spanish Town

Marcia Braham
JPS Black River

Claudeth Campbell
JPS Ruthven Road

Delmar Eccles
JPS White River

Haley Clarke-Scotland
JPS Wilmic

Claudette Brissett
JPS Port Maria

Meet Our Location Representatives *(Continued)*

Shaunna-Kaye Lewis
Digicel-Kingston

Paulette Collins
JPS Bogue

Rosemerrie Morgan
JPS Systems Control and ECS

Una Bailey
JPS Spanish Town Road

Mirette Briscoe Williams
JPS May Pen

Pernilla Green
JPS Port Antonio

Taundria Williams
JPS New Kingston

Valerie Bennett
JPS Hunts Bay

Opal Easy
National Energy Solution

Phillipa Whyte
JPS East Parade

Tricia Hay
JPS New Kingston

Natoya Mighty
JPS, Morant Bay

Vivienne Howell Williams
Jamaica Energy Partners

Denise Warren
JPS Bogue

Orlene Robinson
JPS Lucea

Ricky Purkiss
Digicel-Montego Bay

Meet Our Location Representatives *(Continued)*

Desmond Austin
JPS St. Ann's Bay

Shoneika Dalling
JPS St. Ann's Bay

Not photographed:

Sidoney Vassell JPS New Kingston	Rosemarie Blake Digicel- Montego Bay	Donna Johnson JPS Bay West	Althea Thorpe JPS Portmore
Melville Mullings JPS Savanna la Mar	Andrea Thomas JPS New Kingston	Carol Aitcheson JEP Old Harbour	Claudette Dixon JPS, Bogue

Financial Statements

as at December 31, 2017

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

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

2 MUSGRAVE AVENUE
KINGSTON 10

TEL: 927-4912/927-6572
or 978-1946 Fax: 927-5832
E-mail: dcfs@cwjamaica.com

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

S1
R 160/-424/04/18

April 26, 2018

The Secretary
JPS & Partners Co-operative Credit Union Limited
65 ¾ Half Way Tree Road
KINGSTON 10

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2017.

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 truly,

.....

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

LGE/kd

c. The Secretary
Jamaica Co-operative Credit Union League

Crowe Horwath™

Crowe Horwath Jamaica
Member Crowe Horwath International

Corporate Head Office
47-49 Trinidad Terrace,
Kingston 5

Phone 876.908.3124
Fax 876.754.0380
Email info@crowehorwath.com.jm
Web www.crowehorwath.com.jm

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES
AND FRIENDLY SOCIETIES
RE JPS & PARTNERS CO-OPERATIVE CREDIT UNION LIMITED
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Opinion

We have audited the financial statements of JPS & Partners Co-operative Credit Union Limited, which comprise the statement of financial position as at 31st December 2017, the statement of comprehensive income, statements of changes in equity, cash flows for the year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at 31st December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union, in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

Crowe Horwath

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES
AND FRIENDLY SOCIETIES
RE JPS & PARTNERS CO-OPERATIVE CREDIT UNION LIMITED
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISA's 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 judgement 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 Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES
AND FRIENDLY SOCIETIES
RE JPS & PARTNERS CO-OPERATIVE CREDIT UNION LIMITED
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Auditors' Responsibilities for the Audit of the Financial Statements cont'd:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Credit Union's 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

Report on Additional Matters as Required by the Co-operatives Societies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Co-operatives Societies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Dawkins Brown.

Crowe Horwath Jamaica

Crowe Horwath Jamaica

April 16, 2018

Statement of Financial Position

As at 31st December 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	2017 $	2016 $	
ASSETS:				
EARNING ASSETS:				
Liquid Assets	5	880,077,909	755,485,631	
Loans to Members after Provision for Impairment	6	2,655,578,278	2,445,359,308	
Financial Investments	8	347,310,756	609,024,021	
Investment Property	9	14,386,528	14,799,709	
Total Earning Assets		3,897,353,471	3,824,668,669	
NON-EARNING ASSETS:				
Liquid Assets				
Cash and Cash Equivalents	10	149,561,056	76,186,932	
Other Assets				
Receivables	11	40,699,889	57,673,379	
Total Non-Earning Assets		190,260,945	133,860,311	
Property, Plant & Equipment	12	93,669,806	104,351,719	
Retirement Benefit Asset	13	42,344,000	47,494,000	
		136,013,806	151,845,719	
TOTAL ASSETS		4,223,628,222	4,110,374,699	
LIABILITIES:				
INTEREST BEARING LIABILITIES:				
Members' Voluntary Shares	14	1,247,133,471	1,205,920,424	*
Savings Deposits	15	1,964,165,917	1,918,020,812	*
Total Interest Bearing Liabilities		3,211,299,388	3,123,941,236	
NON-INTEREST BEARING LIABILITIES:				
External Credits	16	14,144,768	11,738,764	
Payables	17	50,715,780	53,033,630	
Accruals		12,947,101	10,294,640	
Total Non Interest Bearing Liabilities		77,807,649	75,067,034	
EQUITY:				
Members' Permanent Share Capital	18	74,735,286	74,144,785	
Non-Institutional Capital	19	178,736,076	164,449,253	
Institutional Capital	20	681,049,823	672,772,391	
Total Capital		934,521,185	911,366,429	
TOTAL LIABILITIES AND EQUITY		4,223,628,222	4,110,374,699	

*** Reclassification**

In the prior year, Motor Insurance Savings was classified as Member's Voluntary Shares. It has now been re-classified to Savings Deposits.

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

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON 16.04.2018 **AND SIGNED ON ITS BEHALF BY:**

MISS NATALIE SPARKES
PRESIDENT

MRS DEBORAH CAMPBELL
TREASURER

Statement of Comprehensive Income

For the year ended 31st December 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	2017 $	2016 $
INTEREST INCOME:			
Liquid Assets		39,153,853	33,500,526
Loans to Members		347,419,959	325,427,191
Financial Investments		28,002,433	40,558,019
		414,576,245	399,485,736
INTEREST EXPENSE:			
Interest Expense on Members' Voluntary Shares		22,649,108	26,202,264
Savings Deposits		79,776,117	80,071,014
Other Financial Costs	24	17,307,386	18,774,921
		119,732,611	125,048,199
NET INTEREST INCOME		294,843,634	274,437,537
Increase in Provision for Loan Impairment	7	4,761,725	12,119,937
NET INTEREST INCOME AFTER PROVISION		290,081,909	262,317,600
NON-INTEREST INCOME			
Rental - investment property		7,326,803	6,899,662
Net Fee Income		20,073,173	20,315,978
Other	25	16,781,597	14,245,303
GROSS INCOME		334,263,482	303,778,543
Less Operating Expenses	26	292,302,612	273,168,714
NET INCOME BEFORE HONORARIA		41,960,870	30,609,829
Honoraria Payment		(2,062,500)	(2,750,000)
NET INCOME AFTER HONORARIA		39,898,370	27,859,829
OTHER COMPREHENSIVE INCOME			
Items that will never be classified to Profit or Loss:			
Minimum Business Tax		(60,000)	(60,000)
Pension (Expense)/Income	13	(5,150,000)	6,772,000
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA		34,688,370	34,571,829

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

Statement of Changes in Equity
For the year ended 31st December 2017
Summery
(Expressed in Jamaican Dollars unless otherwise indicated)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2015	**70,481,233**	**154,944,543**	**600,286,003**	**825,711,779**
Minimum Business Tax	-	(60,000)	-	(60,000)
Pension Income	-	6,772,000	-	6,772,000
Scholarship Fund	-	(261,746)	-	(261,746)
Youth Programme	-	(816,870)	-	(816,870)
60th Anniversary Celebration	-	(1,666,641)	-	(1,666,641)
Care-a-Bit Reserve	-	894,401	-	894,401
Building Reserves	-	9,000,000	-	9,000,000
Software Reserve	-	1,000,000	-	1,000,000
Organizational Alignment	-	2,629,067	-	2,629,067
Redemption Reserve	-	(335,811)	-	(335,811)
General Reserve	-	497,992	-	497,992
Undistributed Surplus	-	6,893	-	6,893
Transfer to Permanent Share Redemption Reserve	-	(657,251)	-	(657,251)
Appropriations of Net Surplus for 2015				
Dividends - Issue of Permanent Shares	-	(9,006,120)	-	(9,006,120)
Youth Programme Reserve	-	(1,000,000)	-	(1,000,000)
Care-a-bit Reserve	-	(1,000,000)	-	(1,000,000)
Scholarship Fund	-	(1,600,000)	-	(1,600,000)
Organizational Alignment	-	(2,629,067)	-	(2,629,067)
Software Reserve	-	(1,000,000)	-	(1,000,000)
General Reserve	-	(500,000)	-	(500,000)
Building Reserves	-	(9,000,000)	-	(9,000,000)
60th Anniversary Celebration	-	(3,500,000)	-	(3,500,000)
Net Income after Honoraria	-	27,859,829	-	27,859,829
Transfer of 20% of Net Income for the year before honoraria	-	(6,121,966)	6,121,966	-
Amount Subscribed	592,552	-	-	592,552
Arising from Business Combination				
Member's Permanent Shares	3,071,000	-	-	3,071,000
Merger Reserves	-	-	66,364,422	66,364,422
Balance at 31st December 2016	**74,144,785**	**164,449,253**	**672,772,391**	**911,366,429**

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

Statement of Changes in Equity
For the year ended 31st December 2017
Summery Continued
(Expressed in Jamaican Dollars unless otherwise indicated)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2016	**74,144,785**	**164,449,253**	**672,772,391**	**911,366,429**
Minimum Business Tax	-	(60,000)	-	(60,000)
Pension Income	-	(5,150,000)	-	(5,150,000)
Scholarship Fund	-	(1,737,903)	-	(1,737,903)
60th Anniversary Celebration	-	(6,408)	-	(6,408)
Care-a-bit Reserve	-	695,000	-	695,000
Building Reserves	-	3,613,009	-	3,613,009
Software Reserve	-	750,000	-	750,000
Organisational Alignment	-	8,000,000	-	8,000,000
Redemption Reserves	-	-	-	-
Undistributed Surplus	-	-	-	-
Appropriations of Net Surplus for 2016				
Dividends on Permanent Shares	-	(7,362,354)	-	(7,362,354)
Youth Programme Reserve	-	(750,000)	-	(750,000)
Care-a-bit Reserve	-	(750,000)	-	(750,000)
Scholarship Fund	-	(1,200,000)	-	(1,200,000)
Organisational Alignment	-	(8,000,000)	-	(8,000,000)
Software Reserve	-	(750,000)	-	(750,000)
Building Reserves	-	(3,613,009)	-	(3,613,009)
Net Income after Honoraria	-	39,898,370	-	39,898,370
Transfer from Redemption Reserve	-	(1,012,446)	-	(1,012,446)
Provision over-provided	-	(4)	-	(4)
Transfer of 20% of Net Income for the year	-	(8,392,174)	8,392,174	-
Amount Subscribed during year	590,501	-	-	590,501
Balance at 31st December 2017	74,735,286	178,621,334	681,164,565	934,521,185

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

Statement of Changes in Equity
For the year ended 31st December 2017
Non-Institutional Capital
(Expressed in Jamaican Dollars unless otherwise indicated)

	Capital Reserves	Other Non-Qualifying Reserves	Retirement Benefit Reserves	Undistributed Net Income	Total
	$	$	$	$	$
Balance at 31st December 2015 brought forward	**17,191,827**	**57,507,773**	**40,722,000**	**39,522,943**	**154,944,543**
Net Income after Honoraria	-	-	-	27,859,829	27,859,829
Other Comprehensive Income					
Minimum Business Tax	-	-	-	(60,000)	(60,000)
Pension Income	-	-	6,772,000	-	6,772,000
Total Comprehensive Income for the Year after Honoraria	-	-	6,772,000	27,799,829	34,571,829
Transactions with Owners					
Scholarship Fund	-	(1,861,746)	-	-	(1,861,746)
Youth Programme Reserve	-	(1,816,870)	-	-	(1,816,870)
60th Anniversary Celebration		(5,166,641)			
Care-a-bit Reserve	-	(105,599)	-	-	(105,599)
Redemption Reserves	-	(335,811)	-	-	(335,811)
General Reserve	-	(2,008)	-	-	(2,008)
Undistributed Surplus	-	-	-	6,893	6,893
Transfer to Permanent Share Redemption Reserve	-	-	-	(657,251)	(657,251)
Appropriations of Net Surplus for 2015					
Dividends on Permanent Shares	-	-	-	(9,006,120)	(9,006,120)
Youth Programme Reserve	-	1,000,000	-	(1,000,000)	-
Care-a-bit Reserve	-	1,000,000	-	(1,000,000)	-
Scholarship Fund	-	1,600,000	-	(1,600,000)	-
Organizational Alignment	-	2,629,067	-	(2,629,067)	-
Software Reserve	-	1,000,000	-	(1,000,000)	-
General Reserve	-	500,000	-	(500,000)	-
Building Reserves	-	9,000,000	-	(9,000,000)	-
60th Anniversary Celebration	-	3,500,000	-	(3,500,000)	-
Transfer of 20 % of Net Income for the Year before Honoraria	-	-	-	(6,121,966)	(6,121,966)
Total Transactions with Owners	-	10,940,392	-	(36,007,511)	(25,067,119)
Balance at 31st December 2016	**17,191,827**	**68,448,165**	**47,494,000**	**31,315,261**	**164,449,253**

(i) Capital Reserves represent unrealised gain on revaluation of the Co-operative's building.
(ii) Capital Development Reserves are being set aside for the future acquisition of Computer Equipment and Software.

Statement of Changes in Equity
For the year ended 31st December 2017
Non-Institutional Capital Continued
(Expressed in Jamaican Dollars unless otherwise indicated)

	Capital Revaluation Reserves	Other Non-Qualifying Reserves	Retirement Benefit Reserves	Undistributed Net Income	Total
	$	$	$	$	$
Balance at 31st December 2016	**17,191,827**	**68,448,165**	**47,494,000**	**31,315,261**	**164,449,253**
Net Income after Honoraria	-			39,898,370	39,898,370
Other Comprehensive Income					
Minimum Business Tax	-	-	-	(60,000)	(60,000)
Pension Income	-	-	(5,150,000)	-	(5,150,000)
Total Comprehensive Income for the Year after Honoraria	-	-	(5,150,000)	39,838,370	34,688,370
Transactions with Owners					
Scholarship Fund	-	(2,937,903)	-	-	(2,937,903)
Youth Programme Reserve	-	(750,000)	-	-	(750,000)
60th Anniversary Celebration	-	(6,408)	-	-	(6,408)
Care-a-bit Reserve	-	(55,000)	-	-	(55,000)
Appropriations of Net Surplus for 2016					
Dividends on Permanent Shares	-	-	-	(7,362,354)	(7,362,354)
Youth Programme Reserve	-	750,000	-	(750,000)	-
Care-a-bit Reserve	-	750,000	-	(750,000)	-
Scholarship Fund	-	1,200,000	-	(1,200,000)	-
Organisational Alignment	-	8,000,000	-	(8,000,000)	-
Software Reserve	-	750,000	-	(750,000)	-
Building Reserves	-	3,613,009	-	(3,613,009)	-
Transfer from Redemption Reserve	-	-	-	(1,012,446)	(1,012,446)
Provision over-provided	(154)	-	-	150	(4)
Transfer of 20 % of Net Income for the Year before Honoraria	-	-	-	(8,392,174)	(8,392,174)
Total Transactions with Owners	(154)	11,313,698	-	(31,829,833)	(20,516,289)
Balance at 31st December 2017	**17,191,673**	**79,761,863**	**42,344,000**	**39,323,798**	**178,621,334**

Statement of Changes in Equity

For the year ended 31st December 2017

Institutional Capital

(Expressed in Jamaican Dollars unless otherwise indicated)

	Business Combination Reserve	Statutory & Legal Reserves	Revenue Reserves	Total
	$	$	$	$
Balance at 31st December 2015	**231,246,055**	**324,809,741**	**44,230,207**	**600,286,003**
Transfer of 20 % of Net Income for the Year before Honoraria	-	6,121,966	-	6,121,966
Arising from Business Combination:	-			
Merger Reserve on Business Combination	66,364,422	-	-	66,364,422
Balance at 31st December 2016	**297,610,477**	**330,931,707**	**44,230,207**	**672,772,391**
Transfer of 20 % of Net Income for the Year before Honoraria	-	8,392,174	-	8,392,174
Balance at 31st December 2017	**297,610,477**	**339,323,881**	**44,230,207**	**681,164,565**

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

Statement of Cash Flows

For the year ended 31st December 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

	2017 $	2016 $
Cash flows from Operating Activities:		
TOTAL COMPREHENSIVE INCOME	34,688,370	34,571,829
Non- cash items included in income		
Depreciation - Property, Plant and Equipment & Investment Property	21,529,908	27,464,380
Retirement Benefit Asset	5,150,000	(6,772,000)
Loss on Disposal of Property, Plant & Equipment	1,499,117	-
Provision for Loan Impairment	(549,788)	(373,427)
Minimum Business Tax	60,000	60,000
Interest Income	(414,576,245)	(399,485,736)
Interest Expense	102,425,225	106,273,278
	(249,773,413)	(238,261,676)
Decrease/(Increase) in Operating Assets		
Other Assets	7,702,213	(8,047,023)
Increase/(Decrease) in Operating Liabilities		
Accruals	2,652,461	4,255,818
External Credit	2,406,004	(1,056,224)
Payables	800,170	(3,878,542)
Cash Used in Operations	(236,212,565)	(246,987,647)
Interest Received	423,847,522	403,767,779
Interest Paid	(103,480,745)	(96,374,982)
Minimum Business Tax Paid	(60,000)	(60,000)
Net Cash Provided by Operating Activities	84,094,212	60,345,150
Cash Flows from Investing Activities:		
Loans to Members	(211,731,686)	(373,570,562)
Financial Investments	261,713,265	124,450,264
Additions to Property, Plant and Equipment	(11,935,228)	(13,510,573)
Proceeds on Disposal of Property, Plant and Equipment	1,297	-
Net Cash Used in Investing Activities	38,047,648	(262,630,871)
Cash Flows from Financing Activities:		
Savings Deposits	46,145,105	59,558,975
Members' Voluntary Shares	41,213,047	258,341,016
Subscription to Permanent Shares	590,501	3,342,049
Dividend Paid	(7,362,354)	(9,006,120)
Scholarship Reserve	(2,937,903)	(1,861,746)
Youth Programme	(750,000)	(1,816,870)
60th Anniversary Celebration	(6,408)	(5,166,641)
Care-A-Bit Reserve	(55,000)	(105,599)
Cash Acquired on Business Combination	-	63,942,818
General Reserve	-	(2,008)
Redemption Reserve	(1,012,446)	(993,062)
Net Cash Provided by Financing Activities	75,824,542	366,232,812
Increase in Liquid Assets	197,966,402	163,947,091
Liquid Assets at Beginning of Year	831,672,563	667,725,472
Liquid Assets at End of Year	**1,029,638,965**	**831,672,563**
Liquid Assets - Earning	880,077,909	755,485,631
Liquid Assets - Non-Earning	149,561,056	76,186,932
	1,029,638,965	**831,672,563**

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

1. Identification:

The Co-operative is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. Membership is limited to employees, ex-employees, pensioners of the Jamaica Public Service Company Limited, the Rural Electrification Programme, the Jamaica Private Power Company, the Jamaica Energy Partners, Digicel (Jamaica) Limited, UC Rusal Limited and Collector General, the staff of the Credit Union, spouse, children , parents, brothers, sisters, aunts and uncles, nieces and nephews of members and spouses of children.

The Credit Union's registered office is located at 65 ¾ Half-Way-Tree Road, Kingston , Jamaica and has branches in Ewarton-St Catherine, Kirkvine Manchester and Ocean Boulevard-Kingston.

The Co-operative's main activities are:-

(a) the promotion of thrift;

(b) the provision of loans to members exclusively for provident and productive purposes; and

(c) to receive the savings of its members either as payment on shares or as deposits.

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

Membership in the Credit Union is obtained by the holding of members' shares, which should be at least one thousand (1,000) voluntary shares and one thousand (1,000) permanent shares. These shares are issued at par value of $1 each. Voluntary shares are deposits available for withdrawal on demand, while permanent shares are paid in cash and invested in risk capital. Individual membership may not exceed 20% of the total of the members' shares of the Credit Union.

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 Credit Union.

An individual ceasing to be a member of the Credit Union, shall be entitled to a redemption of any amount held as Permanent Shares. Permanent Shares are redeemable only upon transfer to another member. To facilitate this, the Credit Union has established a Redemption Reserve Account.

2. Adoption of Standards, Interpretations and Amendments:

(a) Standards and Interpretations in respect of published standards that are in effect:

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to the Credit Union were:-

Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

2. Adoption of Standards, Interpretations and Amendments (cont'd) :

(a) Standards and interpretations in respect of published standards which are in effect (cont'd):

Improvements to IFRS 2014–2016 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2017 and 2018. The main relevant amendment is as follows:

Makes amendments to the following standard:

- **IFRS 12: Disclosure of Interests in Other Entities (Effective January 2017)**

  Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the Credit Union's financial statements.

(b) Standards and interpretations in respect of published standards that are not in effect:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Credit Union has not early-adopted. The Credit Union has assessed the relevance of all the new standards, amendments and interpretations with respect to the credit union's operations and has determined that the following are likely to have an effect on the Credit Union's financial statements:

IFRS 15: Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 1, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

2. Adoption of Standards, Interpretations and Amendments (Cont'd):

(b) Standards and interpretations in respect of published standards that are not in effect (cont'd):

IFRS 9: Financial Instruments (2014) (Effective January 2018)

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement : Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting : Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

Clarifications to IFRS 15 : Revenue from Contracts with Customers (Effective January 2018)

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IAS 40 - Investment Property Transfers of Investment Property (Effective January 2018)

The amendments to IAS 40 Investment Property:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

2. Adoption of Standards, Interpretations and Amendments (Cont'd):

(b) Standards and interpretations in respect of published standards that are not in effect (cont'd):

Amendments to IFRS 9: Financial Instruments Prepayment Features with Negative Compensation (Effective January 1, 2019)

Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration (Effective January 2018)

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Credit Union is assessing the impact these amendments will have on its financial statements.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(a) Statement of Compliance and Basis of Preparation -

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Co-operative Societies Act. They have been prepared under the historical cost convention. These financial statements are expressed in Jamaican Dollars which is the functional currency of the Credit Union.

(b) Use of Estimates -

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and directors and management's best knowledge of current events and actions and are reviewed on an ongoing basis. Actual results could differ from those estimates.

(c) Loans to Members and provisions for Loan Impairment -

Loans are recognized 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 amortized 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 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 on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Specific provisions are established as a result of a review of the carrying value of loans in arrears and are derived based on the Supervisory Body's provisioning policy of making a full provision for loans in arrears over twelve (12) months. General provisions of ten percent (10%) to sixty percent (60%) are established in respect of loans in arrears for two (2) to twelve (12) months.

Regulatory loan loss reserve requirements that exceed the provision required under International Financial Reporting Standards - IAS 39 "Financial Instruments" are dealt with in a non-distributable loan loss reserve as a transfer from unappropriated profits.

(d) Liquid Assets

For the purposes of the statement of cash flows, liquid assets include cash and cash equivalents which consist of cash on hand and current accounts held at banks and deposits held under 6 months with banks and other financial institutions.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):

(e) Financial Investments-

Investments are classified as held to maturity. Management determines the appropriate classification of investments at the time of purchase and re-evaluates such designation on a periodic basis.

Held to maturity securities are those with fixed or determinable payments and fixed maturity. A positive intent and ability to hold to maturity must be demonstrated.

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

(f) Investment Property -

Investment Property is held for long-term rental yields and is not occupied by the Credit Union. Investment property is treated as a long-term investment and is carried at cost less accumulated depreciation and less any impairment losses. The fair value of this property is included in a note to the Financial Statements.

(g) Retirement Benefit -

The Credit Union participates in a multi-employer defined benefit pension scheme. The pension scheme is generally funded by payments from employees and the Credit Union, taking into account the recommendation of independent qualified actuaries. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability.

Remeasurement of the net defined benefit asset is recognised directly in equity. The remeasurement includes:

- Actuarial gains and losses
- Return on plan assets (interest included)
- Any asset ceiling effects (interest included)

Service costs are recognised in the profit or loss, and include current and past service costs as well as gains or losses on curtailment.

Net interest expense/(income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning at the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the year. Gains or losses arising from the changes to the plan benefits or plan curtailment are recognised immediately in the profit or loss account.

Settlement of the defined benefit plan is recognised in the year in which the settlement occur.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):

(h) Leave Accrual

The Credit Union's vacation leave policy allows a maximum of ten (10) days unused vacation leave to be carried forward for managerial and non-managerial staff. The charge for all outstanding leave is recognised in the statement of comprehensive income in the period to which it relates.

(i) Other Assets

Receivables are carried at original amounts less provisions for bad debt and impairment losses. A provision for bad debt is established when there is objective evidence that the Credit Union 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.

(j) Property, Plant and Equipment

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Land and Buildings are shown at deemed cost less subsequent depreciation for building. Under IFRS 1, a first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment as its deemed cost.

The Credit Union has elected to apply this provision. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment if any.

Computer & Other Equipment	33.33%
Computer Software	20%
Furniture & Fixtures	10%
ATM	12.5%
Garden Tools	33.33%
Investment Property & Other Buildings	2.5%
Software	33%
Equipment	20%

Land is not depreciated.
Gains or losses on disposal of Property, Plant and equipment are determined by their carrying amount and are taken into account in determining operating profit.

(k) Impairment -

The carrying amount of the Credit Union's assets, other than loans to members are reviewed at the date of each statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at that date. 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 the statement of comprehensive income.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):

(k) Impairment cont'd -

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

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

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

(l) Provisions -

Provisions are recognized when the Credit Union 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.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

(m) Members' Shares

Permanent Shares

Permanent Shares may be transferred by members to another member but are not available for withdrawal. Permanent shares are classified as equity.

Voluntary

Members voluntary shares represent deposit holdings of the Credit Union's members, to satisfy membership requirements and to facilitate eligibility for loans and other benefits. These shares are classified as financial liabilities. Returns to members on these shares are determined at the discretion of the Credit Union, are denoted as interest and are reported as expense in the income statement in the period in which approved.

(n) Foreign Currency Transactions -

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Credit Union operates. The Credit Union's primary economic environment is Jamaica, and as such, its functional and presentation currency is Jamaican dollars.

Transactions and balances

Foreign currencies at the date of the statement of financial position are stated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the date of those transactions. Gains and losses arising from fluctuations in exchange rates are included in the statement of comprehensive income.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):

(o) Statutory Reserve -

The Co-operative Societies Act provides that at least twenty percent (20%) of the annual net income before honoraria should be carried to a Statutory Reserve Fund.

(p) League Fees and Stabilisation Dues -

Jamaica Co-operative Credit Union League Limited (JCCUL) has fixed the rate of league fees at 0.25% (2016 - 0.25%) of total assets. Stabilisation dues are fixed at a rate of 0.15% (2016 - 0.15%) of total savings.

The Credit Union is required by the JCCUL to maintain its institutional capital at a minimum of eight percent (8%) of total assets. At the date of the statement of financial position, the ratio of institutional and permanent share capital to total assets was 17.89% (2016: 18.13%) which is in compliance with the requirements.

(q) Interest Income and Expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis, using the effective yield method, based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on discounted instruments.

Where collection of interest is considered doubtful, the related financial instruments are written down to their recoverable amounts and interest income is therefore recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(r) Fees and Commission Income

Fees and commission income are recognised on an accrual basis.

(s) Risk Management:

The Board of Directors has overall responsibility for the implementation and monitoring of the Credit Union's management of risk. Its policies have been devised to identify and analyse the risks faced by the Credit Union. The Board, through its executive officers and various committees, is responsible for monitoring compliance with those policies and for reviewing their adequacy. All committees report periodically to the Board.

(t) Capital Management -

The Credit Union's objectives when managing capital are to safeguard it's ability to continue as a going concern, to provide returns to its members, to provide benefits for other stakeholders, and to maintain a strong capital base in order to support the development of its business. The Credit Union defines its capital as institutional capital and other eligible reserves. Its dividend payout is made taking into account maintenance of an adequate capital base. At least twenty percent (20%) of net income before honoraria must be transferred to institutional capital at the end of each year prior to any appropriation of surplus.

The Credit Union is required by the Jamaica Co-operative Credit Union League to maintain its institutional capital at a minimum of eight percent (8%) of total assets. At the date of the statement of financial position, the ratio of institutional and permanent share capital to total assets was 17.90% (2016: 18.17%) which is in compliance with the requirements.

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

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):

(u) Basis of Consolidation

The Credit Union uses the acquisition method of accounting to account for business combinations. The consideration transferred on the merger of entities is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the credit union. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired; and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In business combinations involving more than two parties, one of the previously existing entities is normally deemed to be the acquirer uses the principles outlined in IFRS 3 - *Business Combinations*, to account for the net assets of the deemed acquired.

4. Financial Instruments & Financial Instrument Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include investments, cash and cash equivalents and receivables. Financial liabilities have been determined to be member's voluntary share capital, savings deposits, external credit, payables and accruals and accrued interest on member's voluntary share capital .

The Credit Union has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

The Board of Directors has overall responsibility for the implementation and monitoring of the Credit Union's management of risk. Its policies have been devised to identify and analyse the risks faced by the Credit Union. The Board through its executive officers and the various committees is responsible for monitoring compliance with these policies and for reviewing their adequacy. All committees report periodically to the Board.

The Supervisory Committee is responsible for monitoring compliance with the Credit Union's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Credit Union. 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 Supervisory Committee.

(a) Credit Risk

Credit risk is the risk that one 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 Credit Union'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 Credit Union to similar risks as loans and are managed in the same manner.

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(a) Credit Risk (cont'd)

The significant concentrations of risk and the Credit Union's management of these risks are as follows:

i) Loans to Members & 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 Finance and Planning Committee. The Finance and Planning Committee has oversight responsibility for the Credit Union's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Credit Union's credit review process. The Finance and Planning and Credit Committees report to the Board on a monthly basis.

Credit Review Process

There is a documented credit policy in place to guide the credit review process. It establishes loan policy and loan interest rates that manage risk and provide the best possible rate based on market conditions and ensures that credit facilities are extended to members with good credit worthiness at the time of the loan, protects savers interest by managing risk; provides competitive interest rates and prompt service to borrowers; and complies with all applicable laws and regulations.

Collateral

The Credit Union 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 Credit Union and guarantees. Estimates of fair values are based on the values of collateral assessed at the time of borrowing and are generally updated on a quarterly basis when loans are individually assessed.

Repossessed Collateral

The Credit Union obtained assets by taking possession of collateral held as security, as follows:

	Carrying Amount	
	2017	**2016**
	$	**$**
Real Estate	45,600,000	40,100,000
Motor Vehicles	450,000	1,850,000
	46,050,000	41,950,000

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. In general, the Credit Union does not utilise the properties for business use.

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(a) Credit Risk (cont'd)

i) Loans to Members & Guarantees (cont'd)

Impaired Loans

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past Due but not Impaired Loans

These are loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Credit Union.

Loans with Re-Negotiated Terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Credit Union has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category until it is fully repaid.

Allowances for Impairment

The Credit Union established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a 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 is made based on the aging of the delinquency portfolio. This additional allowance is treated as an appropriation and taken to reserves.

Write-Off Policy

The Credit Union 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) Deposits and Investments

The Credit Union limits its exposure to credit risk by investing mainly in liquid assets. These investments 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.

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(a) Credit Risk (cont'd)

iii) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum exposure to credit risks before collaterals held. At the date of the statement of financial position, these amounts were:

	2017	2016
	$	$
Current Earning Liquid Assets	880,077,909	755,485,631
Loans to Members after Provision for Impairment	2,655,578,278	2,445,359,308
Held-to-Maturity Investments	347,310,756	609,024,021
Current Non-Earning Liquid Assets	149,561,056	76,186,932
Other Current Non-Earning Assets	40,699,889	57,673,379
	4,073,227,888	3,943,729,271

Concentration of Risk

The following table summarises the Credit Union's credit exposure for loans at their carrying amounts by industry sector:

	2017	2016
	$	$
Transportation	941,545,428	627,573,614
Agriculture	16,145,771	4,979,921
Construction & Real Estate	722,506,368	155,803,864
Education	49,179,137	100,579,371
Debt Finance	82,361,215	261,721,395
Personal	359,972,342	292,077,342
Other	484,769,429	1,018,559,499
	2,656,479,690	2,461,295,006

There were no changes in the Credit Union's approach to credit risk during the year.

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 Credit Union 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 Finance and Planning 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 Credit Union manages its liquidity levels on a daily basis by the monitoring of future cash flows and maintenance of an adequate amount of committed facilities.

4. **Financial Instruments and Financial Instruments Risk Management cont'd:**

(b) Liquidity Risk (Cont'd) :

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$	$	$	$	$	$	$
ASSETS:							
EARNING ASSETS:							
Liquid Assets	70,395,501	443,732,131	340,023,258	25,927,019	-	-	880,077,909
Loans to Members	372,556,555	87,719,264	26,285,787	1,462,823,250	618,474,158	-	2,655,578,278
Financial Investments	-	-	87,825,670	174,449,200	32,947,788	52,088,098	347,310,756
Investment property	-	-	-	-	-	14,386,528	14,386,528
Total Earning Assets	442,952,056	531,451,395	454,134,715	1,663,199,469	651,421,946	66,474,626	3,897,353,471
NON-EARNING ASSETS:							
Liquid Assets	149,561,056	-	-	-	-	-	149,561,056
Other Assets: Receivables	19,796,678	10,094,817	10,808,393	-	-	-	40,699,889
Property, Plant & Equipment	-	-	-	-	-	93,669,806	93,669,806
Retirement Benefit Asset	-	-	-	-	-	42,344,000	42,344,000
Total Non-Earning Assets	169,357,734	10,094,817	10,808,393	-	-	136,013,806	326,274,751
TOTAL ASSETS	612,309,790	541,546,213	464,943,108	1,663,199,469	651,421,946	202,488,432	4,223,628,222

4. **Financial Instruments and Financial Instruments Risk Management cont'd:**

(b) Liquidity Risk (Cont'd):

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
LIABILITIES:	$	$	$	$	$	$	$
INTEREST BEARING LIABILITIES:							
Voluntary Share Capital	30,000,000	90,000,000	120,000,000	1,007,133,471	-	-	1,247,133,471
Savings Deposits	-	80,338,393	571,716,744	932,451,291	379,659,489	-	1,964,165,917
NON-INTEREST BEARING LIABILITIES & CAPITAL:							
External Credits	-	-	14,144,768	-	-	-	14,144,768
Payables	9,113,599	6,424,203	33,972,401	1,205,577	-	-	50,715,780
Accruals	-	-	12,947,101	-	-	-	12,947,101
Capital and Reserves	-	-	-	-	-	934,521,185	934,521,185
Total Liabilities & Capital	39,113,599	176,762,596	752,781,014	1,940,790,339	379,659,489	934,521,185	4,223,628,222
Net Liquidity Gap	573,196,191	364,783,617	(287,837,906)	(277,590,870)	271,762,457	(732,032,753)	-
Cumulative Liquidity Gap	573,196,191	937,979,807	650,141,901	372,551,031	644,313,488	(87,719,264)	(87,719,264)

<----------2016---------->

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$	$	$	$	$	$	$
Total Assets	679,769,627	344,141,815	672,904,733	1,370,438,665	831,972,927	211,146,932	4,110,374,699
Total Liabilities & Capital	33,587,944	1,403,365,611	363,181,467	1,227,835,723	171,037,525	911,366,429	4,110,374,699
Net Liquidity Gap	646,181,683	(1,059,223,796)	309,723,266	142,602,942	660,935,402	(700,219,497)	-
Cumulative Liquidity Gap	646,181,683	(413,042,113)	(103,318,847)	39,284,095	700,219,497	-	-

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

b) Liquidity risk cont'd -

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

The Credit Union is subject to a liquidity limit imposed by JCCUL and compliance is regularly monitored. This limit requires the Credit Union to maintain liquid assets amounting to at least 10% of savings and deposits. The liquid asset ratio at 31st December 2017 was 32.06% (2016: 26.62%) which is in compliance with the standard.

Items not carried on the statement of financial position

At 31st December 2017, the Credit Union's commitment to extend credit to its members in respect of loans approved but not yet disbursed, amounted to $15,562,266 (2016: $23,170,000).

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

The previous table summarises the net liquidity gap and the cumulative liquidity gap of the Credit Union by analysing its assets and liabilities into periodical maturity categories. Members Voluntary Shares and other 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.

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 Credit Union'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 Credit Union's exposure to market risks or the manner in which it manages and measures this risk.

The foreign exchange rates have steadily increased over the preceding eight months and the Credit Union's exposure to market risks has therefore fluctuated as a consequence.

i) Foreign Currency Risk

Currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The Credit Union is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. Balances in foreign currency represent a minimal portion of the entire investment portfolio (3.50%) and are monitored to ensure that they provide a net positive return. These funds are held for investment purposes only. 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.

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

c) Market Risk (cont'd)

i) Foreign Currency Risk (cont'd)

The Credit Union's exposure to foreign currency risk as at 31st December 2017 was:

Liquid Assets - Earning

	2017 US$	2016 US$
USD Savings Account	-	18,708
USD Global Bonds	185,650	186,190
USD Repos	493,738	415,188
	679,388	620,086

Sensitivity Analysis

Exchange rates in terms of Jamaican Dollars which is the Credit Union's intervening currency, were as follows:

	US$
28th February 2017	126.14
31st December 2017	123.61
31st December 2016	127.48

There was a significant foreign exchange rate movement in the United States dollar during the period December 2016 to December 2017. Over the twelve months ended 31st December 2017, the exchange rate movement for the United States dollar has shown an overall decrease of 3.04%. The Credit Union's assets held in these currencies are minimal in comparison to total assets and therefore consequential adjustments would not be considered significant.

A four percent (4.00%) (2016: 8.00%) movement in the US Dollar at 31st December 2017 would have increased/decreased surplus by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2016.

	2017 $	2016 $
Jamaican dollar	3,359,106	6,323,895

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-bearing 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 Finance and Planning 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.

4. Financial Instruments and Financial Instruments Risk Management cont'd:

c) Market Risk (cont'd)

The following table summarises the interest rate gap and the cumulative interest rate gap of the Credit Union analysing its assets and liabilities into periodical interest rate movements:

ii) Interest Rate Risk (cont'd)

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$	$
ASSETS							
Earning Assets							
Liquid Assets	70,395,501	443,732,131	309,812,961	56,137,317	-	-	880,077,909
Loans to Members	372,556,555	87,719,264	26,285,787	1,462,823,250	618,474,158	-	2,655,578,278
Financial Investments	-	-	87,825,670	174,449,200	32,947,788	52,088,098	347,310,756
Investment Property	-	-	-	-	-	14,386,528	14,386,528
	442,952,056	531,451,395	423,924,417	1,693,409,767	651,421,946	66,474,626	3,897,353,471
Non-Earning Assets							
Liquid Assets							
Cash in hand and at bank	149,561,056	-	-	-	-	-	149,561,056
Other Assets							
Receivables	20,076,831	10,709,340	9,913,718	-	-	-	40,699,889
	169,637,887	10,709,340	9,913,718	-	-	-	190,260,945
Property, Plant & Equipment	-	-	-	-	-	93,669,806	93,669,806
Retirement Benefit Asset	-	-	-	-	-	42,344,000	42,344,000
	-	-	-	-	-	136,013,806	136,013,806
TOTAL ASSETS	612,589,943	542,160,735	433,838,135	1,693,409,767	651,421,946	202,488,432	4,223,628,222

4. Financial Instruments and Financial Instruments Risk Management cont'd:

c) Market Risk (cont'd)

ii) Interest rate risk (cont'd)

	Within 1 Month	1 to 3 Months	3 to 12 months	1 to 5 years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$	$
LIABILITIES:							
Interest-Bearing Liabilities							
Members' Voluntary Share Capital	30,000,000	90,000,000	120,000,000	1,007,133,471	-	-	1,247,133,471
Savings Deposits	-	79,881,236	571,716,744	932,451,291	380,116,646	-	1,964,165,917
	30,000,000	169,881,236	691,716,744	1,939,584,762	380,116,646	-	3,211,299,388
Non Interest-Bearing Liabilities							
External credits	-	-	14,144,768	-	-	-	14,144,768
Payables	2,689,396	19,272,610	27,548,198	1,205,577	-	-	50,715,780
Accruals	-	-	12,947,101	-	-	-	12,947,101
	2,689,396	19,272,610	54,640,067	1,205,577	-	-	77,807,649
Capital and Reserves	-	-	-	-	-	934,521,185	934,521,185
TOTAL LIABILITIES AND CAPITAL	32,689,396	189,153,845	746,356,811	1,940,790,339	380,116,646	934,521,185	4,223,628,222
Net Interest Rate Gap	579,900,547	353,006,890	(312,518,675)	(247,380,572)	271,305,300	(732,032,753)	-
Cumulative Interest Rate Gap	579,900,547	932,907,437	620,388,762	373,008,190	644,313,489	(87,719,263)	(87,719,263)

<----------2016----------->

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$	$
Total Assets	391,091,490	616,207,667	396,877,912	1,345,246,142	760,439,481	190,488,018	3,700,350,710
Total Liabilities & Capital	1,002,446,660	359,802,776	1,052,700,142	391,091,667	-	894,309,465	3,700,350,710
Net Interest Rate Gap	(611,355,170)	256,404,891	(655,822,230)	954,154,475	760,439,481	(703,821,447)	-
Cumulative Interest Rate Gap	(611,355,170)	(354,950,279)	(1,010,772,509)	(56,618,034)	703,821,447	-	-

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

c) Market Risk (cont'd)

ii) Interest rate risk (cont'd)

At the date of the statement of financial position, the Interest Profile of the Credit Union's interest-bearing financial instruments was:

	Interest Rate	2017	Interest Rate	2016
	%	$	%	$
Financial Assets				
Liquid Assets				
Foreign Deposits	0.85 - 2.20	28,702,756	0.85 - 2.20	26,626,704
Liquid Investments	2.00 - 5.75	851,375,153	2.00 - 5.75	728,858,927
Loans to Members	1.992 - 30.00	2,655,578,278	2.00 - 30.00	2,445,359,308
HTM Investments	2.50-11.00	347,310,756	2.50 - 11.00	609,024,021
		3,882,966,943		3,809,868,960
Financial Liabilities				
Savings Deposits	1.00 - 5.00	1,964,165,917	2.50 - 5.60	1,918,020,812
Voluntary Shares	3.50	1,247,133,471	3.50	1,205,920,424
		3,211,299,388		3,123,941,236
		671,667,555		685,927,724

Sensitivity Analysis

During the period January 2017 to December 2017, interest rates have moved downwards, with the BOJ 3-6 months deposit rates moving by approximately 33 basis points from 4.9% to 4.57%. This trend is expected to continue as the Government of Jamaica (GOJ) continues its policies of lowering of interest rates.

It should be noted that traditionally, Credit Unions do not respond as rapidly in their interest rates adjustment as other financial institutions and for certain securities the interest payment rates are fixed at the beginning of each year.

Assuming interest rate movements as set out below, surplus and equity would be affected as follows:

	Interest Rate	2017	Interest Rate	2016
	%	$	%	$
Financial Assets				
Liquid Assets				
Foreign Deposits	-	-	7.05	1,877,183
Liquid Investments	0.00	-	0.65	4,737,583
Loans to Members	-0.004	106,223	-0.5	12,226,797
HTM Investments	0.00	-	0.50	3,045,120
		106,223		21,886,682
Financial Liabilities				
Savings Deposits	1.05	20,623,742	0.95	(18,221,198)
Voluntary Shares	0.25	(3,117,834)	0.25	(3,014,801)
		17,505,908		(21,235,999)
		(17,399,685)		43,122,681
		(17,399,685)		43,122,681

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(c) Market risk (cont'd)

iii) Equity price risk

Equity price risk arises from available-for-sale equity securities held by the Credit Union as part of its investment portfolio. The primary goal of the Credit Union's investment strategy is to maximize returns on investments and to have an appropriate asset mix.

iv) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union'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 Credit Union'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 Credit Union standards for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- 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.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by the Credit Union's Regulatory Body. The results of these are discussed with the Credit Union's Management and Board of Directors.

(d) Fair Value:

Fair value amounts represent estimates of the arm's length consideration that would be currently 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.

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(d) Fair Value (cont'd):

The following table provides an analysis of financial instruments held as at 31st December 2016 that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale Financial Investments	3,324,968	33,656,289	-	36,981,257

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale Financial Investments	3,324,968	40,420,511	-	43,745,479

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Many of the Credit Union’s financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(d) Fair Value (cont'd):

The fair values of cash resources, other assets, other liabilities, are assumed to approximate their carrying values due to their short-term nature.

The fair value of the quoted equities is determined based on their quoted bid price at the date of the statement of financial position. The fair value of other securities is estimated by discounting the future cash flows of the securities at the estimated yields at the date of the statement of financial position for similar securities. The estimated fair values of loans to members are assumed to be the principal receivable less any allowance for loan losses.

The fair value of external credits, deposits payable on demand or after notice, and deposits with a variable or floating rate payable on a fixed date are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits payable within a year are assumed to approximate their carrying values, due to their short-term nature.

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$	$	$	$
Financial Assets:				
Earning				
Loans to Members	2,655,578,278	2,655,578,278	2,445,359,308	2,445,359,308
Financial Investments	347,310,756	347,310,756	609,024,021	609,024,021
Liquid Assets	880,077,909	880,077,909	755,485,631	755,485,631
Investment Property	14,386,528	14,386,528	14,799,709	14,799,709
Non-Earning				
Liquid Assets	149,561,056	149,561,056	76,186,932	76,186,932
Receivables	40,699,889	40,699,889	57,673,379	57,673,379
Financial Liabilities:				
Interest Bearing				
Savings Deposits	1,964,165,917	1,964,165,917	1,918,020,812	1,918,020,812
Members' Voluntary Shares	1,247,133,471	1,247,133,471	1,205,920,424	1,205,920,424
Non - Interest Bearing				
External Credit	14,144,768	14,144,768	11,738,764	11,738,764
Payables	50,715,780	50,715,780	53,033,630	53,033,630
Accruals	12,947,101	12,947,101	10,294,640	10,294,640

4. Financial Instruments & Financial Instruments Risk Management (cont'd):

(e) Capital Management:

In determining the Credit Union's capital base (Institutional Capital), the Institutional Capital of the acquired Credit Unions, (see below), which merged with JPS & Partners Co-operative Credit Union Limited was included. As at the dates of transfer of engagements/amalgamations, the relevant Credit Unions had Institutional Capital as stated below which comprised the following balances:

	Merger Date	Statutory Reserve	Retained Earnings Reserve	General Reserve
		$	$	$
Kirkvine Co-operative Credit Union Limited	1st Aug 2013	60,752,660	34,745,029	-
Ewarton Co-operative Credit Union Limited	1st Sept 2013	109,323,595	-	-
Collector General Co-operative Credit Union Limited	1st Oct 2016	43,481,088	10,000,000	-

5. Liquid Assets:

		2017 $	2016 $
a)	Placement with Other Financial Institutions	781,023,112	383,775,662
b)	Cash and Balances with JCCUL	76,696,512	345,491,996
c)	JCCUL CUETS Investments	2,116,813	2,815,537
		859,836,437	732,083,195
d)	Foreign Currency Deposit Account	20,241,472	23,402,436
		880,077,909	755,485,631

a) This represents reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its collateral obligations. At 31st December 2017, the Credit Union held securities totalling $446,248,786 (2016: $343,920,895) representing Government of Jamaica debt securities as collateral for reverse repurchase agreements.

Included in these investments is an amount for $2,307,665 (2016 - $2,200,794) with respect to a Care-A-Bit Reserve Fund (Note 22d).

b) Cash and balances with the Jamaica Co-operative Credit Union League Limited represent (i) Cucash Deposits of $62,096,039 (2016: $119,768,014) which are cash management call accounts. The rules of the League stipulate that the Credit Union must invest a minimum of 2% of members' savings deposits in Cucash deposits.

Term deposits of $325,658,799 (2016: $220,257,805) held with the League are classified as held-to-maturity.

The rules of the Jamaica Co-operative Credit Union League Limited stipulate that the Credit Union must invest a minimum of 10% of members' savings deposits in short-term deposit instruments. A minimum of 8% is required to be invested with the League, and a maximum of 2% with any other financial institution. Of the 8% requirement, a minimum of 4% must be held in fixed deposits and 2% in Cucash deposits.

c) This represents an investment in the Jamaica Co-operative Credit Union League Limited CUETS Settlement Deposit, which is used as a security deposit for ATM transactions.

d) This represents short-term reverse repurchase agreements denominated in United States Dollar, which are collateralised by Government of Jamaica securities.

6. Loans To Members:	2017	2016
	$	$
Balance at the Beginning of the year	2,445,359,308	2,071,415,319
Loans Granted- CG Merger	-	208,408,873
Loans Granted	1,806,772,099	1,787,305,068
	4,252,131,407	4,067,129,260
Less Repayments and Transfers	1,580,067,643	1,605,834,254
	2,672,063,764	2,461,295,006
Other Loans	-	-
	2,672,063,764	2,461,295,006
Less Provision for Loan Impairment	(16,485,486)	(15,935,698)
Balance at End of Year	2,655,578,278	2,445,359,308

The profile of the loans to members are as follows:

	2017	2016
	$	$
Loans to members which are not past due nor impaired	2,610,519,769	2,410,180,741
Loans to members which are past due but not impaired:		
1 month	23,413,663	21,204,876
2-3 months	12,427,475	6,250,492
4-5 months	6,232,328	8,038,663
6-12 months	18,331,613	14,670,161
Over 12 months	1,138,916	950,074
	2,672,063,764	2,461,295,007
Less Provision for Loan Impairment	(16,485,486)	(15,935,698)
	2,655,578,278	2,445,359,308

The aggregate amount of non-performing loans on which interest was not being accrued amounted to $27,551,742 (2016: $29,909,389).

Uncollected interest not accrued in these Financial Statements on non-performing loans was estimated at $3,518,507 (2016: $1,827,376).

The fair value of collateral held as security against impaired loans was $20,527,741 (2016: $17,321,342).

The fair value of collateral held as security against loans that are past due but not impaired was $71,002,400 (2016: $79,458,645).

The loans which have been renegotiated and were past due or impaired are $2,314,531 (2016: 1,878,683).

7. Provision for Loan Impairment:

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

	2017	2016
	$	$
Balance at the beginning of the year	16,675,698	17,049,132
Increase in Provision	4,761,725	12,119,937
Recoveries	14,863,743	4,757,079
Write-offs	(18,921,180)	(17,250,450)
Balance at the end of the year	17,379,986	16,675,698
Less Provision included for ATM fraud	(894,500)	(740,000)
	16,485,486	15,935,698

Provision for loan losses determined under JCCUL Regulatory requirements is as follows:

	<----------2017---------->				2016
	Number in Arrears	Amounts in Arrears	Rate	Loan Loss Provision	Loan Loss Provision
	#	$	%	$	$
1 month	27	23,079,918	-	-	-
2 - 3 months	28	12,427,475	10	1,242,747	625,049
3 - 6 months	17	6,232,328	30	1,869,698	2,411,599
6 - 12 months	35	18,331,613	60	10,998,968	8,802,096
Over 12 months	2	1,138,916	100	1,138,916	950,074
	109	61,210,250		15,250,330	12,788,818

	2017	2016
	$	$
Regulatory Loan Loss Provision	15,250,330	12,788,818
Less Provision based on IAS 39	(16,485,486)	(15,935,698)
Excess of Regulatory Loan Loss Provision over IAS 39 Provision Transferred to Loan Loss Reserve	-	-

8. Financial investments:

	2017	2016
	$	$
Held-to-Maturity		
a) JCCUL Shares - Unquoted	13,106,842	12,366,588
b) JCIA Shares - Unquoted	2,000,000	2,000,000
c) JCCUL Mortgage Bond	48,089,568	46,207,006
d) JCCUL Cu-Premium	39,736,101	62,522,517
e) JNBS Mortgage Bond	10,000,000	10,000,000
f) Government of Jamaica -Debenture	172,449,200	368,949,200
g) Government of Jamaica - Global Bonds	22,947,788	23,735,537
h) Pan Caribbean Variable Rate Bond	2,000,000	39,497,694
	310,329,499	565,278,542
Available For Sale		
i) Unit Trust	16,552,340	23,610,562
j) Shares - quoted	3,324,968	3,324,968
k) Shares - unquoted	17,103,949	16,809,949
	36,981,257	43,745,479
	347,310,756	609,024,021

a) This represent unquoted shares held in the League. A minimum of one million (1,000,000) shares must be held with the League for the Credit Union to retain membership status.

b) This represent a 1.67% ownership of unquoted shares held in Jamaica Co-operative Insurance Agency Limited (JCIA).

c) This represent funds invested in the League's Mortgage Fund instruments. These investments are used to secure joint mortgage facilities, which are extended to the members of the Credit Union.

d) This represents an investment in the Jamaica Co-operative Credit Union League Limited Cu-Premium investment, maturing every three (3) years.

e) Jamaica National Building Society Mortgage bond represent fund held with this institution to secure mortgage facilities, which are extended to the members of the Credit Union.

k) This represents investment in Caribbean Cement Company, National Commercial Bank and JBG Limited.

l) This represents investment in the City of Kingston Co-operative Credit Union Limited, Credit Union Fund Management Company Limited and Barita Investments Limited.

9. Investment Property:

	Land	Building	Total
	$	$	$
At Cost or Valuation:			
At 31st December 2015	3,000,000	16,527,239	19,527,239
At 31st December 2016	3,000,000	16,527,239	19,527,239
At 31st December 2017	3,000,000	16,527,239	19,527,239
Accumulated Depreciation:			
At 31st December 2015	-	4,314,349	4,314,349
Charge for the Year	-	413,181	413,181
At 31st December 2016	-	4,727,530	4,727,530
Charge for the Year	-	413,181	413,181
At 31st December 2017	-	5,140,711	5,140,711
Net Book Values:			
At 31st December 2017	**3,000,000**	**11,386,528**	**14,386,528**
At 31st December 2016	3,000,000	11,799,709	14,799,709
At 31st December 2015	3,000,000	12,212,890	15,212,890

Land and Buildings at 31st December 2017 are included at deemed cost which represents the previous Jamaican GAAP revalued amount which the Credit Union elected to use under the provisions of IFRS 1, (note 3(f)). At 31st December 2013, the fair value of the property at 37 Lady Musgrave Road as appraised by The C.D. Alexander Company Realty Limited was $95,000,000.

10. Cash and Cash Equivalents:

	2017	2016
	$	$
Cash on Hand	12,233,467	6,419,766
Cash in Transit	79,000,000	-
Savings Account	20,000	20,000
Current Accounts	58,307,589	69,747,166
	149,561,056	76,186,932

11. Receivables:

	2017	2016
	$	$
Accrued Interest Income	17,402,378	26,673,655
Receivables	24,192,011	31,739,724
Less Provision for Bad Debt	(894,500)	(740,000)
	40,699,889	57,673,379

12. Property, Plant & Equipment:

	Land and Buildings	Office Equipment, Furniture & Fixtures	Computer Equipment	Computer Software	ATM	Fence and Garden Tools	Total
	$	$	$	$	$	$	$
At Cost or Valuation:							
31st December 2015	65,170,564	47,009,584	28,664,357	77,050,150	3,891,038	109,470	221,895,163
Acquired through Business Combination	-	1,084,846	6,932,783	-	-	-	8,017,629
Additions	-	1,597,230	569,510	3,326,204	-	-	5,492,944
31st December 2016	65,170,564	49,691,660	36,166,650	80,376,354	3,891,038	109,470	235,405,736
Additions	110,366	3,835,687	4,277,772	731,654	2,979,749	-	11,935,228
Disposals	-	-	-	-	(3,891,038)	-	(3,891,038)
31st December 2017	65,280,930	53,527,347	40,444,422	81,108,008	2,979,749	109,470	243,449,926
Accumulated Depreciation:							
31st December 2015	15,584,299	34,775,538	24,814,336	27,260,019	1,459,157	109,469	104,002,818
Charge for year	1,412,337	3,634,842	1,878,553	13,175,053	486,397	-	20,587,182
Depreciation - Business Combination	-	848,355	5,615,662	-	-	-	6,464,017
31st December 2016	16,996,636	39,258,735	32,308,551	40,435,072	1,945,554	109,469	131,054,017
Charge for year	1,593,835	3,433,729	2,153,599	13,475,187	460,377	-	21,116,727
Released on Disposal	-	-	-	-	(2,390,624)	-	(2,390,624)
31st December 2017	18,590,471	42,692,464	34,462,150	53,910,259	15,307	109,469	149,780,120
Net Book Values:							
31st December 2017	**46,690,459**	**10,834,883**	**5,982,272**	**27,197,749**	**2,964,442**	**1**	**93,669,806**
31st December 2016	48,173,928	10,432,925	3,858,099	39,941,282	1,945,484	1	104,351,719
31st December 2015	49,586,265	12,234,046	3,850,021	49,790,131	2,431,881	1	117,892,345

At 31st December 2014, the fair value of land and buildings as approved by the C.D. Alexander Company Realty Limited on March 10, 2011 was $140,000,000.

13. Retirement Benefit Asset:

The Credit Union participates in a multi-employer pension scheme. The pension scheme is a defined benefit plan and is funded. The assets of the funded plan are held independently of the Credit Union's assets in separate trustee administered funds. Independent actuaries value this plan annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31st December 2017.

The amounts recognised in the statement of financial position are determined as follows:

	2017	2016
	$	$
Present Value of funded obligations	96,354,000	115,715,000
Fair Value of plan assets	(164,064,000)	(163,209,000)
Effect of Asset Ceiling	25,366,000	-
Asset in the Statement of Financial Position	(42,344,000)	(47,494,000)

The amounts recognised in the statement of comprehensive income are as follows:

	2017	2016
	$	$
Current service cost	4,691,000	3,943,000
Interest cost	9,509,000	9,049,000
Expected return on plan assets	(13,995,000)	(12,879,000)
Past Service Cost	253,000	-
Effect of Settlement: Business Combination	-	2,473,000
Administrative Expenses	815,000	791,000
Pension Expense	1,273,000	3,376,000

Movements in the amounts recognised in the statement of financial position:

	2017	2016
	$	$
Net Asset at beginning of year	(47,494,000)	(40,722,000)
Net Asset -Business Combination	-	(1,496,000)
Pension Expense	1,273,000	3,376,000
Re-measurements included in OCI	8,582,000	(2,942,000)
Contributions Paid	(4,704,000)	(5,710,000)
Closing Net Asset at End of Year	(42,344,000)	(47,494,000)

13. Retirement Benefit Asset - (cont'd):

The principal actuarial assumptions used in valuing the plan were as follows:

	2017	2016
Discount Rate	8.00%	9.00%
Future Salary Increases	6.00%	7.00%
Future Pension Increases	2.50%	3.00%

The five year trend for the fair value of plan assets, the defined benefit obligations, the surplus in the pension plan, and experience adjustments for plan assets and liabilities were as follows:

	2013 $	2014 $	2015 $	2016 $	2017 $
Fair Value of Plan Assets	67,874,000	85,873,000	142,827,000	163,209,000	164,064,000
Defined Benefit Obligation	46,399,000	55,886,000	102,105,000	115,715,000	96,354,000
Surplus	21,475,000	29,987,000	40,722,000	47,494,000	67,710,000
Experience adjustments-					
Fair Value of Plan Assets	65,000	5,472,000	8,334,000	2,617,000	3,098,000
Defined Benefit Obligation	(1,773,000)	(4,452,000)	(2,375,000)	(3,055,000)	(17,612,000)

14. Members' Voluntary Shares

	2017 $	2016 $	
Balance at Beginning of Year	1,205,920,424	947,579,408	
Balance as at 1st October-CG Cooperative Credit Union Ltd	-	195,759,937	
	1,205,920,424	1,143,339,345	
Add Amount subscribed	184,964,159	1,642,336,804	*
Add Amount subscribed -CG Cooperative Credit Union Ltd	-	11,704,614	
	1,390,884,583	2,797,380,763	
Less Withdrawals and Transfers	143,751,112	1,573,265,248	
Less Withdrawals and Transfers -CG Cooperative Credit Union Ltd	-	18,195,091	
Balance at End of Year	1,247,133,471	1,205,920,424	

*** Reclassification**

In the prior year, Motor Insurance Savings was classified as Member's Voluntary Shares. It has now been re-classified to Savings Deposits.

15. Savings Deposits:

	2017	2016	
	$	$	
a) On Call	40,669,108	47,030,821	
a) Easy Access Deposits	39,245,084	43,503,903	
	79,914,192	90,534,724	
b) Special Deposits	511,486,322	466,499,105	
c) Life Long Savings	325,889,542	328,463,943	
d) Fixed Deposits	932,897,929	949,380,652	
e) Mortgage Deposits	4,015,589	3,915,932	
f) Loan Savings	4,262	5,391	
g) Partner Plan Savings	30,379,065	26,765,638	
h) Golden Harvest Savings Deposits	53,744,075	49,039,221	
i) Christmas Savings	603,469	662,932	
j) Motor Insurance Savings	25,231,472	2,753,274	*
	1,964,165,917	1,918,020,812	

*** Reclassification**

This item was classified as Members' Voluntary Shares in the prior year. It has now been re-classified.

a) On Call & Easy Access Deposits		
Balance at 1st January	90,534,724	32,455,285
Add Deposits	853,324,246	1,129,916,643
	943,858,970	1,162,371,928
Less Withdrawals & Transfers	863,944,778	1,071,837,204
Balance at end of year	79,914,192	90,534,724

a) On Call & Easy Access Deposits

These are regular or ordinary deposits used primarily for standing order payments or assisting members to gain access through the ATM Banking Facility. No interest is paid on these accounts.

b) Special Deposits

Special deposits are for varying periods up to 365 days for which interest is paid at rates of between 1.0% and 2.5% per annum.

c) Life Long Savings

Life Long Saving Deposits are for a minimum of five (5) years for which interest is paid at rates of between 2.75% and 4.65% per annum.

d) Fixed Deposits

These represents amounts placed for fixed period at fixed rates of between 2.10% and 3.50% per annum.

15. Savings Deposits - (cont'd):

e) Mortgage Deposits
These represent deposits by members who access Mortgage and Home Equity loans. They are required to make monthly deposits to this account until the loan is repaid. Payments are made on behalf of the members for peril insurance and life insurance when due.

f) Loan Savings

These represent compulsory savings for the Motor Vehicle Plus loan facility. Interest is charged at a fixed rate of 2% per annum.

g) Partner Plan Savings

These are savings by members towards their short-term goals. It ranges from a minimum period of 16 weeks to a maximum of 48 weeks. Bonuses are paid according to the period of the savings.

h) Golden Harvest Savings Deposits

The Golden Harvest Saving Deposit account allows the member to save towards a goal while insuring the amount of their goal. Fixed amount deposits are made monthly and earn interest at a rate of 4.15% per annum.

i) Christmas Savings

These are savings by members and staff towards Christmas Expenses and the Education of their children. Interest is paid at 5% per annum.

j) Motor Insurance Savings

These represent compulsory savings for members who have motor vehicle loans. Members are not permitted to access these funds until the loan is cleared and also works as a "cushion" to minimize the loss should the account falls in arrears.

16. External Credits:

	2017 $	2016 $
a) JPS $2 Million Housing Loan	130,292	130,292
b) JPS Computer Loan	4,000,000	4,000,000
c) JPS Education Loan	4,892,035	3,508,910
d) Private Power Operations Loan	459,877	425,615
e) Ja Energy Partners Loan Scheme	4,662,564	3,673,947
	14,144,768	11,738,764

a) JPS $2 Million Housing Loan
This facility was entered into with the Jamaica Public Service Company Limited, to provide loans to their employees who are members of the Credit Union to assist them in the acquisition of property, repairs and construction of homes. The maximum available is $200,000 at an interest rate of 12%.

b) JPS Computer Loan
This facility was entered into with the Jamaica Public Service Company Limited, to provide loans to their employees who are members of the Credit Union to purchase computers. The maximum available is $100,000 at an interest rate of 12% repayable over 24 months.

16. External Credits (cont'd):

c) JPS Education Loan

This facility was entered into with the Jamaica Public Service Company Limited, for their employees who are members of the Credit Union , to assist with back to school expenses for their children.

d) Private Power Operations Loan

The Jamaica Private Power Company Limited provided an initial $2,000,000 for this revolving loan facility for its staff members for a maximum loan amount of $200,000 per member repayable over 24 months. Selection of persons eligible for this loan is done by the management of the company and sent to the Credit Union for evaluation and processing.

e) Jamaica Energy Partners Loan Scheme

The Jamaica Energy Partners provided an initial $1,500,000 for this loan facility for its staff members. The maximum amount of loan available per member is $150,000 repayable over 24 months. Selection of persons eligible for this loan is done by the management of the company and sent to the Credit Union for evaluation and processing.

17. Payables:

	2017	2016
	$	$
Withholding Tax	22,318,430	26,151,879
Statutory Contributions	1,725,818	3,399,819
Cuets ATM Settlement	(4,816,625)	(6,560,714)
Other	17,723,916	15,222,885
	36,951,539	38,213,869
Interest Payable	13,764,241	14,819,761
	50,715,780	53,033,630

18. Members' Permanent Share Capital:

	2017	2016
	$	$
Balance at Beginning of Year	74,144,785	70,481,233
Amounts arising from Business Combination	-	3,071,000
Amount Subscribed in current year	590,501	592,552
	74,735,286	74,144,785

Each member must hold a minimum of One Thousand Dollars ($1,000) in Permanent Shares and One Thousand Dollars ($1,000) Voluntary Shares.

19. Non-Institutional Capital:

	2017	2016
	$	$
Capital/Revaluation Reserves (Unrealised)	17,191,673	17,191,827
Other Non-Qualifying Reserves (Note 22)	79,761,863	68,448,165
Retirement Benefit Reserves (Note 13)	42,344,000	47,494,000
Undistributed Net Income (Page 7)	39,323,798	31,315,261
	178,621,334	164,449,253

20. Institutional Capital:

	2017	2016
	$	$
Revenue Reserve	44,230,207	44,230,207
Business Combination Reserve	297,610,477	231,246,055
Statutory & Legal Reserves (Note 23)	339,323,881	324,809,741
	681,164,565	600,286,003

The Revenue Reserves are being set aside, in addition to Statutory and Legal Reserves as set out in Article XIV Rule 66, in order to strengthen the Capital base of the Credit Union. These reserves are not available for distribution.

Institutional Capital forms a part of the permanent capital of the Credit Union and is not available for distribution.

Statutory and Legal Reserves:
The statutory and legal reserves are reserves which are maintained in accordance with the provisions of the Co-operative Societies Act which requires that a minimum of 20% of the net income before honoraria be carried to a reserve fund. A Registered Society may apply to the Registrar to allow the required percentage to be reduced but not below 10%.

Business Combination Reserve:
The business combination reserve is a reserve arising on the merger of two or more co-operatives and is not available for distribution. It is being retained to maintain the capital base of the Credit Union.

Retained Earnings Reserves:
These reserves represent the appropriations by members at the Annual General Meetings to be set aside for strengthening the capital base of the Credit Union.

21. Appropriations:

	2017	2016
	$	$
Scholarship Fund	1,200,000	1,600,000
Youth Programming	750,000	1,000,000
Software Reserve	750,000	1,000,000
General Reserve	-	500,000
Care-A-Bit Reserve	750,000	1,000,000
60th Anniversary Celebration	-	3,500,000
Building Reserve	3,613,009	9,000,000
Organisational Alignment	8,000,000	2,629,067
Permanent Shares	7,362,354	9,006,120
	22,425,363	29,235,187

22. Other Non-qualifying Reserves:

	2017	2016
	$	$
a) General Reserve	26,357,762	26,357,762
b) Scholarship Fund	1,270,365	3,008,268
c) Youth Programme Reserve	2,403,500	2,403,500
d) Care-A-Bit Reserve	3,311,209	2,616,209
e) Software Reserve	16,850,000	16,100,000
f) 60th Anniversary Celebration	3,326,951	3,333,359
g) Building Reserve	15,613,009	12,000,000
h) Organisational Alignment	10,629,067	2,629,067
	79,761,863	68,448,165

a) **General Reserve**
This Reserve is used for any general assistance as the Credit Union approves.

b) **Scholarship Fund**
This Fund was established to assist members children who qualified for assistance for education after successfully completing the GSAT examinations. The Albert Morris Scholarship is also facilitated from this reserve to a member or member's child who has been accepted to attend a recognised local university to pursue a course in business or computer studies and covers tuition for three years. The scholarship is also available to eligible persons selected to pursue an undergraduate degree in engineering at The University of Technology, Jamaica (UTECH).

c) **Youth Programme Reserve**
This reserve is used to provide assistance for the advancement of the Credit Union's youth through the staging of various events.

d) **Care-A-Bit Reserve**
This is used to assist members who suffer major illnesses or are affected by natural disasters.

e) **Software Reserve**
This reserve is to be used for any major purchases or upgrade of software.

22. Other Non-qualifying Reserves - Cont'd:

f) **60th Anniversary Celebration**

This amount was set aside from the surplus for the commemoration of the sixtieth (60) anniversary of the Credit Union.

g) **Building Reserve**

This reserve is intended to be used for the construction of a new office building at Lady Musgrave Road, in

h) **Organisational Alignment**

This reserve will be used in organisational re-alignment, for staff cost.

23. Statutory & Legal Reserves:

	2017	2016
	$	$
Balance at Beginning of Year	330,931,707	324,809,741
20% of Net Income before honoraria	8,392,174	6,121,966
Balance at End of Year	339,323,881	330,931,707

24. Other Financial Costs:

	2017	2016
	$	$
Life Savings & Loan Protection Insurance	13,789,566	11,916,422
Bond Insurance	1,940,680	1,248,198
Others	1,577,140	5,610,301
	17,307,386	18,774,921

25. Non-Interest Income - Other:

	2017	2016
	$	$
Miscellaneous	9,013,200	10,573,288
Other Fees & Charges	9,174,276	-
(Loss)/Gain on Foreign Exchange	(2,021,121)	3,627,513
CUETS Income	41,530	44,502
Under-accrued Income from Prior Year	573,712	-
	16,781,597	14,245,303

26. Operating Expenses:

i. **Personnel Expenses:**

	2017	2016
	$	$
Employee Salaries & Allowances	105,385,304	99,870,938
Employee Benefits	19,479,398	18,311,662
Education & Training	1,797,689	2,519,320
Gratuity	620,741	906,508
Lunch Subsidy	6,352,200	5,016,550
Staff Travel & Related Expenses	5,487,850	2,875,826
Retirement Benefit Expenses	5,292,371	5,108,808
	144,415,553	134,609,612

26. Operating Expenses (cont'd):

i. **Personnel Expenses:**

The number of persons employed at 31st December 2017 was twenty-nine (29) full-time and seventeen (17) part-time (2016 - thirty-three (33) full-time and thirteen (13) part-time).

ii. **Administrative Expenses:**

	2017	2016
	$	$
Depreciation & Amortisation	21,591,314	21,072,783
Auditors Remuneration	3,750,067	4,605,470
Electricity	5,556,513	4,896,143
Repairs & Maintenance	7,367,413	14,016,915
Telecommunications	6,542,448	4,058,518
Printing, Stationery & Supplies	9,637,463	9,398,857
Insurance Premiums	4,481,102	2,526,768
Easy Access Expense	386,869	1,220,193
Professional & Consulting Fees	2,816,463	1,608,729
Postage	997,785	1,815,892
Security	10,869,096	10,530,376
Subscriptions	256,572	561,671
Computer Expenses	22,620,361	22,668,160
Rental Expense	1,537,662	-
Loss on Disposal of Fixed Asset	1,499,117	-
Other Administrative Expenses	4,732,526	1,352,789
Penalty and Interest	416	8,622
Internal Audit Expense	4,263,224	2,397,038
Members' Refreshment	6,641,975	2,521,190
	115,548,386	105,260,114

iii. **Marketing & Promotion Expenses:**

	2017	2016
	$	$
Publicity & Promotion	2,440,626	3,345,865
Public Relations	724,050	785,974
	3,164,676	4,131,839

iv. **Representation & Affiliation Expenses:**

	2017	2016
	$	$
League & Other Dues	14,130,214	11,727,966
Seminars & Meetings	8,479,708	10,169,553
Annual General Meeting	6,564,075	7,269,630
	29,173,997	29,167,149
Total Operating Expenses	292,302,612	273,168,714

27. Comparison of Ledger Balances:

	Voluntary Shares	*Savings Deposits*	*Loans*
	$	$	$
General Ledger	1,247,133,471	1,964,165,917	2,672,063,764
Personal Ledger	1,247,106,624	1,964,191,198	2,672,095,826
Difference at 31st December 2017	26,847	(25,281)	(32,062)
Difference at 31st December 2016	26,322	(65,470)	(64,066)

28. Related Party Transactions and Balances:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to the reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

28. Related Party Transactions and Balances - cont'd:

At 31st December 2017, eleven (11) members of the Credit Union's Board of Directors and ten (10) Committee Members had savings of $25,017,880 and loans including interest totalling $20,430,624.

Credit Union Staff of forty-six (46) employees had savings of $16,796,039 and loans including interest totalling $77,796,039. No waivers were granted to staff members or volunteers during the year. At 31st December 2017, all loans owing by Directors, Committee Members, Staff and Connected Parties were being repaid in accordance with their loan agreements.

Key management remuneration for the year was $32,336,197 (2016: $35,454,894) and comprises the General Manager, the Chief Accountant, the Operations Manager, the Compliance Manager, the Credit Manager, Treasury/Marketing Manager, Human Resource Manager and the Branch Managers for Ewarton, Kirkvine and Ocean Boulevard.

Directors are appointed on a voluntary basis and are not remunerated.

29. Life Savings and Loan Protection Insurance:

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

30. Fidelity Insurance:

Fidelity Insurance coverage was adequately maintained during the year.

31. Comparative Information:

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of IFRS.

32. ATM Fraud:

Between July and December 2014, a malfunction in the automated teller machine (ATM) system allowed some members to withdraw amounts in excess of their available balances. All but three of the affected members subsequently entered into repayment arrangements with the Credit Union. Legal action was brought against these three members, whereby a full provision of $740,000 was been made. Judgement was handed down in favour of the Credit Union however, these three members have not settled with the Credit Union as at the 31st of December 2017.

As at the 31st of December 2017, the amount collected from those members who entered into a repayment arrangement totalled Nil.

During the year under review, the cards of some members were cloned and amounts withdrawn from their accounts without their knowledge.. The sum of $154,400 has been fully provided for as the probability of recouping this amount from the perpetrators seems unlikely.

Supervisory Committee Report

Corine McCalla

Caphanne March

Ann-Marie Raymond

Viris Reece

Stacey Samuels

Who We Are

The Supervisory Committee is an oversight body or the "watchdog" of the Credit Union, which means our main role is to maintain oversight of the safety and soundness of the Credit Union. The Committee is comprised of volunteers, duly elected by members at the Credit Union's Annual General Meeting.

ELECTION OF OFFICERS

The Supervisory Committee members for 2017/2018 were elected at the Annual General Meeting held on May 20, 2017.

Corine McCalla

Caphanne March

Ann-Marie Raymond

Viris Reece

Stacey Samuels

The Committee convened its first meeting on May 25, 2017, in keeping with Rule 49,subsection (a), for the purpose of electing the Officers to serve in the various capacities on the Committee. The following persons were elected to serve:

• Chairman	-	Ms. Corine McCalla
• Deputy Chair	-	Ms. Ann-Marie Raymond
• Secretary	-	Ms. Caphanne March
• Assistant Secretary	-	Mrs. Viris Reece
• Member	-	Mrs. Stacey Samuels

The first official meeting of the committee was held on June 14, 2017. Monthly meetings were held thereafter.

Attendance

NAMES	POSSIBLE ATTENDANCE	ACTUAL ATTENDANCE
Corine McCalla	10	10
Caphanne March	10	10
Ann-Marie Raymond	10	9
Viris Reece	10	6
Stacey Samuels	10	7

YEAR UNDER REVIEW

- **Internal audit services** – The contract with Smith & Associates, for internal audit service was renewed for one year commencing November 1, 2017.
- **Training** – Committee members participated in the following courses/workshops facilitated by the Credit Union League and JPS & Partners Credit Union:
  - Operational Audit Technique
  - General I.T. Audit Technique
  - Introduction to Audit Report Writing
  - Proceeds of Crime Act (POCA)
- **Branch Visit** – The team visited the Ocean Boulevard branch on one occasion.
- **Joint Committee Meeting** – Members participated in one (1) joint committee meeting.

Supervisory Committee Report *(Continued)*

- **Member issue** – One member issue was investigated and the findings and recommendation submitted to the Board of Directors. The Committee's recommendation was positively acted upon.

Audit Reports:

Internal Auditor, Smith & Associates, conducted monthly audits at the Head Office and bi-monthly audits of the branches. Some of the areas audited are as follows:

Head Office

- Audited the payroll process
- Determined if members with charged off loans were able to access additional loans.
- Investment properties:
- Verified that current lease agreements were in place for rented properties owned by the Credit Union.
- Verified that rental payments were being done in a timely manner.
- Carried out surprise cash counts of all funds.
- Reviewed Credit Union's Fixed Asset policy and procedure
- Examined the adequacy of reports submitted against financial data generated by the IT system.

Ewarton

- Examined delinquent loans portfolio for accuracy and completeness by vouching to members' loan files and payment records.
- Reviewed adequacy of securities held in respect of applicable loans.
- Verified personnel records e.g. gross salary, vacation leave records, etc.
- Audited bank reconciliation and ATM reconciliation
- Internal Control over Accounting System and Security Procedure.
- Tested the awareness of customer service representatives with the Proceeds of Crime Act.

Kirkvine

- Compliance of loan application process with Credit Union's policies and procedures.
- Determined that member information were maintained as per "Know Your Customer (KYC)" principle.
- Examined information on the IT system for accuracy and completeness.
- Verified that members were adequately completing Declarations of Source of Funds forms as per Credit Union policy.
- Checked that audit controls were in place regarding potential weaknesses in the Credit Union's debit card system.

Ocean Boulevard

- Verified that the branch maintained a proper risk register which identifies all possible risks and that it was being submitted to the Risk & Compliance Manager on a monthly basis.
- Audited bank reconciliations to verify correctness, accuracy and timely resolution of all reconciled items as well as examined for appropriate signatures of preparer and approver.

The Supervisory Committee is fairly satisfied with the operations of the Credit Union and is of the view that despite areas requiring improvement, the Cooperative continues to be a strong financial partner for its members. We endeavor to remain vigilant and pay keen attention to the entire operations to ensure the best interest of members, as well as the Credit Union. The Committee implore members to make checks on their accounts at the Credit Union to ensure that their accounts are up to date with all required information.

ACKNOWLEDGEMENTS

The Committee would like to express our appreciation to Smith & Associates, our Internal Auditors, for their stellar performance over the period, the Board, management and staff of the Credit Union for their cooperation and assistance. We wish to thank the Credit Union membership for demonstrating confidence in our ability to supervise the operations of the Credit Union.

Corine McCalla
Chair - Supervisory Committee

Credit Committee Report

Diedre Codner Campbell

Arlene Laidlaw

Everoy Mardener

Maxine Gardener

At the 61st Annual General Meeting the following members were elected to serve on the Credit Committee:

- Mr. Everoy Mardener - Member
- Mr. Clive Segree - Member
- Ms. Arlene Laidlaw - Member
- Ms. Diedre Codner Campbell - Member
- Ms. Maxine Gardner - Member
- Ms. Sheryll Brown – Member
- Mr. Paul Coombs - Member

In keeping with Rule 43, subsection (a) the following officers were elected from among the member's to serve as follows:

- Mr. Everoy Mardener - Member
- Mr. Clive Segree - Member
- Ms. Arlene Laidlaw - Member
- Ms. Diedre Codner Campbell - Secretary
- Ms. Maxine Gardner - Member
- Ms. Sheryll Brown – Chairman
- Mr. Paul Coombs - Member

Loan Approvals

The Credit Committee met regularly throughout the year under review to consider all loan applications that were for $3M and above in keeping with the revised loan approval limits established August 1, 2013. We ensured that all loans submitted for our review and subsequent approval were within the established lending policies and guidelines approved by the Board of Directors.

Loan Disbursed to Members in 2017

In 2017 a total of 14, 256 loans were approved valued at $1,806.25B. This represents an increase of $29.98M when compared to 2016 when loans disbursed stood at $1,776.27B.

A total of 72 loans amounting to $328.48M was reviewed and approved by the Credit Committee during the period January to December 2017.

The table below shows the comparison of loans approved by the Credit Committee in 2017 versus 2016.

Loan Category	2017 Total Loans	2016 Total Loans	Variance	%
Motor Vehicle	$225.61	$160.43	$65.18	28.89
Mortgage	$24.10	$19.60	$4.50	1.99
Home Equity	$78.77	$96.42	-$17.65	-7.82
Total	**$328.48**	**$276.45**	**$52.03**	**23.06**

Credit Committee Report *(Continued)*

The following loan categories showed favourable growth when compared to the previous year:

• Motor vehicle	$65.18M
• Mortgage	$4.50M
• Whilst, Home Equity declined by	$17.65M

Training

In keeping with the Bank of Jamaica Regulations for financial institutions and to ensure that members of the Credit Committee remain current and compliant with the Proceeds of Crime Act (POCA). On November 11, 2017 members of the Credit Committee attended and participated in the scheduled Anti-Money Laundering (AML)//Counter Financing of Terrorism (AML)/ (CFT) training seminar hosted by the Credit Union.

Acknowledgement

The members Credit Committee continues to pledge their dedication and commitment to the role we play in helping to build our credit union movement. We are pleased to have served you our members in helping you meet your financial need over the past year. We are also grateful for the confidence you have placed in us.

Thanks to the Board of Directors, Management and Staff of the JPS & Partners Co-Operative Credit Union for their continued cooperation during 2017.

I take this opportunity to thanks all members of the Credit Committee for their continued dedication throughout 2017.

Diedre Codner Campbell for
Sheryll Brown
Chairman

League Delegates Report

Natalie Sparkes

Earl Munroe

Deborah Campbell

David Grey

League Delegates and Alternate Delegates are Board members who represent their credit unions as ambassadors to conferences and forums held by the Movement's umbrella organizations, the Jamaica Co-operative Credit Union League and other international organizations such as the Caribbean Confederation of Credit Unions (CCCU) and the World Council of Credit Unions (WOCCU).

They communicate issues affecting their credit unions and discuss matters of strategic importance. But, one of their main responsibilities with which they are entrusted is to ensure that recommendations made by the Movement are smoothly implemented at their respective credit unions.

During 2017, Ms. Natalie Sparkes (President) and Deborah Campbell (Treasurer) served in the capacity of League Delegates while Earl Munroe (Secretary) and David Grey (Vice President) represented the Credit Union as Alternate Delegates.

Highlights of their year as delegates and alternate delegates include:

2017 Convention and 76th Annual General Meeting

The League's Convention and 76th Annual General Meetings were held from May 25-28th at the Hilton Rosehall Resort and Spa in Montego Bay, St James. Approximately 137 delegates, alternate delegates and observers attended the weekend Convention and Meeting. The event was a mixture of plenary sessions, workshops, awards presentation and social activities. The Annual General Meeting of the Jamaican Managers Association also took place at the convention.

Participants gleaned valuable information from the presentations and workshops.

A number of exhibitors were also in attendance.

Plenary Sessions/Workshops

Keynote speaker for the conference was Action Coach, Marcia Woon Choy. Ms. Woon Choy's presentation was followed by a plenary session that dealt with matters of critical importance to the Movement's future.

Two (2) workshops were held simultaneously. They were:

- **Building a Culture of Compliance: The Role of Board and Management.** The presenter was Mr. Robin Sykes, Chief Technical Director of the Financial Investigation Division.
- **IFRS9: What you need to know** by Price Waterhouse Coopers.

AWARDS

The guest speaker for the Awards function was Mr Owen "Blacka" Ellis, a Jamaican Comedienne of note.

Several Credit Unions were presented with awards for achievements in 2016.

- First Regional Co-operative Credit Union won the O.J. Thorbourne trophy for Mega Credit Union (Manchester Co-operative Credit Union was the runner-up)
- JDF Co-operative Credit Union copped the Renford Douglas trophy for large credit Unions (Palisadoes Co-operative Credit Union was declared the runner-up)

- NCB Employees Co-operative Credit Union won the Paul Thompson trophy for medium-sized credit unions (Grace Co-operative Credit Union took the runner-up spot)
- BJ Staff Co-operative Credit Union won the John Peter Sullivan Award for Small Credit Unions (No runner up was declared)

A number of Credit Unions also won sectional prizes.

HIGHLIGHTS OF THE 76TH ANNUAL GENERAL MEETING

The Meeting was chaired by the newly elected President Mr. Winston Fletcher who gave a summary of the Board Report for the year 2016. All aspects of the League's operations were presented and examined. Treasurer Mrs. Andrea Messam did the same for the financial reports. The chair of the supervisory committee also reported.

LEAGUE'S PERFORMANCE 2016

Rule Change

No Rule Changes were presented.

Resolutions

Six Resolutions were passed.

Special Meetings

Board Exchange

On April 22nd corporate area League Delegates and Managers met at the Medallion Hall Hotel to participate in the Kingston leg of the annual executive rap session held by the League. The theme for the sessions was "Dialogue for Development: An imperative for transformation and Sustainability.

PRESENTATIONS

COMPOSITION OF THE LEAGUE BOARD

How to keep the Board stable while Credit Unions continue to pursue mergers.

Presenter: Mr. Norris Gilbert – League Board Secretary

STABILIZATION FUND – PROPOSALS FOR PREMIUM PAYMENT TO THE JDIC

Discussion on the feedback to JDIC on proposed Premium for Credit Unions

Presenter: Mrs. Susan Thompson, League Group Chief Operating Officer

The Code of Conduct on Customer Related Matters (Under the Banking Services Act)

Presenter: Ms. Sandra Hucey Manager, Stabilization Unit

Annual Credit Union Board Consultation

The annual Credit Union Board Consultation was held on November 18th at the Knutsford Court Hotel, Kingston. The purpose of the meeting was to:

> Review and discuss the several proposals for the allocation of the Stabilization Fund post Credit Union Regulations.

Discussions were centered on the several options presented on how to allocate the funds once Credit Unions are regulated by the Bank of Jamaica. Several options were put forward by the Committee tasked with this responsibility. The three (3) main options were:

Option 1

- Creation of a Credit Union movement development and assistance fund, managed by the League.
- Balance allocated to an investment pool, owned by Credit Unions, managed by the Credit Union Fund Management (CUFMC)

Option 2

- Creation of a Credit Union movement development and assistance fund managed by the League.
- Balance paid out to Credit Unions as cash.

League Delegates Report *(Continued)*

Option 3

- Set up an investment pool, owned by Credit Unions, managed by CUFMC
- Balance paid out to Credit Union in cash

Presentations were also made on:

- The status of the Bank of Jamaica transition plan
- IFRS 9 Implementation
- Launch of the Credit Union Movement's Volunteer, Management and staff Development program

Caribbean Confederation of Credit Unions (CCCU)

The 60th Annual International Convention and 46th Annual General Meeting of the Caribbean Confederation of Credit Unions (CCCU) were held at the Memories Varadera Beach Resort in Varadero, Cuba from June 16-21, 2017. The theme was:

"Co-operatives: Reshaping Caribbean Sustainable Development". The Confederation comprises of 375 organizations in eighteen countries including 15 Cooperatives Bodies.

The Hon. Dr. Ralph Gonsalves, Prime Minister of St. Vincent and the Grenadines was the keynote speaker at the convention official opening ceremony. He spoke on the Convention's theme. The four (4) day convention provided educational and social opportunities for participants to optimize the Co-operative difference. It also provided the opportunity for credit unions to reflect on their successes and to think strategically about the future of the Regional Co-operative Movement.

Participants received valuable information from eight (8) General sessions, one (1) Town Hall Meeting and seven (7) breakout sessions which stimulated discussions on topics dealing with how to address the latest issues and strategic goals which will help Credit Unions to progress effectively, and also enhance their own careers.

Reflections

In closing we express our pride in being associated with the Movement and our gratitude for all the support, the Jamaica Co-operative Credit Union League has provided to us over the years. We look forward to working with the team to achieve excellence in service and creating a Movement that is always ready for change.

Finally, we thank you our members for affording us the opportunity to represent them by serving as League Delegates

Natalie Sparkes

For Delegates and Alternate Delegates

Nominating Committee
Report

Terrence Knight

Marcia Lewis

The JPS & Partners Nominating Committee was appointed by the Board of Directors in accordance with Rule 65(1) and comprised the following persons:

Terrence Knight	Chairperson
Allentia Brown	Member
Everaldo Foreman	Member
Marcia Lewis	Member
Marcia Edwards	Member

The committee considered all retiring members from the Board of Directors, Supervisory and Credit Committees and hereby submit nominations for the positions which will become vacant at the 63rd Annual General Meeting. All nominated persons have completed and submitted the required Prospective Board and Statutory Committee Members Questionnaire.

The committee wishes to thank all volunteers both returning and those retiring for their invaluable contribution over the years.

Members of the Board of Directors

Retiring	*Nominated*	*Term in Office*
Natalie Sparkes	Natalie Sparkes	2 years
Dwight Hart	Dwight Hart	2 years
David Fleming	David Fleming	2 years
Deborah Campbell	Deborah Campbell	2 years
Alicia Burnett	Alicia Burnett	2 years
Clive Segree	Clive Segree	1 year
Vaughn McDonald	Devon Wright	1 year

During the year Mr. Richard Palmer had tendered his resignation in 2017. Mr. Clive Segree was elected to serve for the remaining term of one (1) year. Miss Nickesha Eulette also tendered her resignation in 2017. Mr. Vaughn McDonald was elected to serve for the remaining unexpired term.

However, Mr. Vaughn McDonald has advised of his inability to continue to serve after the next AGM. Mr. Devon Wright was nominated to serve for the remaining unexpired term of one (1) year.

The CG Co-operative Credit Union merged with the JPS & Partners Co-operative Credit Union effective October 01 2016. In keeping with the Memorandum of Understanding (MOU) signed by the merger parties, Mr. David Grey will continue to serve on the Board.

In keeping with the Memorandum of Understanding (MOU) signed by the merger parties, the membership of the Board will revert to the original complement of nine (9) volunteers at the AGM in 2019.

The following Directors will continue to serve:

Name	*Remaining Term in Office*
Terrence Knight	1 Year
Donovan Cunningham	1 Year
Earl Munroe	1 Year
David Grey	1 Year

Nominating Committee Report *(Continued)*

Members of the Supervisory Committee

All members of the Supervisory Committee will retire at this meeting. All except for Ms. Stacey Samuels, have indicated their willingness to serve for another year. Miss Janet Plummer was elected to serve. We thank Ms. Stacy Samuels for her invaluable contribution to the Credit Union and in particular to the Supervisory Committee.

Retiring	*Nominated*	*Term in Office*
Corine McCalla	Corine McCalla	1 year
Caphanne March	Caphanne March	1 year
Stacy Samuels	Janet Plummer	1 year
Ann Marie Raymond	Ann Marie Raymond	1 year
Viris Jones-Reece	Viris Jones-Reece	1 year

Members of the Credit Committee

The following persons will retire from the Committee at this meeting; Ms. Arlene Laidlaw, Ms. Maxine Gardener and Mr. Everoy Mardener. Miss. Sheryl Brown resigned from the Committee in 2018. Ms. Maxine Gardener has indicated her willingness to continue serving.

The CG Co-operative Credit Union merged with the JPS & Partners Co-operative Credit Union effective October 01 2016. In keeping with the Memorandum of Understanding (MOU) signed by the merger parties, Mr. Cebert Mitchell will continue to serve on the committee.

In keeping with the Memorandum of Understanding (MOU) signed by the merger parties, the membership of the Committee will revert to the original complement of five (5) volunteers at the AGM in 2019.

Retiring	*Nominated*	*Term in Office*
Arlene Laidlaw	Nicole Goodin	2 years
Everoy Mardener	Nastassia Dixon	2 years
Sheryll Brown (resigned)	Sharlene Chunnu-Brown	2 years
Maxine Gardener	Maxine Gardener	1 year

We sincerely thank all retiring members for their contribution to the growth and development of the Credit Union and in particular the Credit Committee.

The following persons will continue to serve:

Name	*Remaining Term in Office*
Diedre Codner-Campbell	1 year
Paul Coombs	1 year
Cebert Mitchell	1 year

PROFILES OF THE NOMINEES

BOARD OF DIRECTORS

Natalie Sparkes

Miss Sparkes is the President of the JPS & Partners Credit Union. She is an accomplished Management Executive with over 16 years experience in leading and implementing improved efficiency and productivity systems to deliver performance driven results oriented workplace best practices.

Ms. Sparkes is employed to JAMALCO since 2015 as the Transition Coordinator and Capital Manager. She was previously employed to UC Rusal – WINDALCO, Kirkvine Works for over eighteen (18) years. During her tenure there she occupied several positions including Senior Process and Technical Engineer, Manager – Refinery Technical, Corporate Strategic Development Manager and Corporate Projects Manager.

She holds an MBA in Engineering Management, B.Sc. (Hons.) in Chemical and Process Engineering, Advanced Diploma in Education, Certificate in Project Management and is a certified Project Manager. She is licensed by the Professional Engineers Board of Jamaica, a member of Jamaica Institution of Engineers, American Society of Chemical Engineers, Canadian Society of Chemical Engineers and Project Management Chapter of Jamaica.

Natalie never fails to give back to her community. Over the years she has held many positions in various organizations: Director on the Board of Southern Regional Health Authority, President – PTA, Mount St. Joseph Kindergarten and Preparatory School. In addition to JPS & Partners Credit Union she currently

Nominating Committee Report *(Continued)*

serves on the Board of Mount St. Joseph High School and the Advisory Council for UTECH Chemical Engineering Department.

She is the proud mother of one son.

Alicia Burnett

Ms. Burnett is an experience Environment, Health and Safety (EHS) management professional and chemical engineer with over twelve (12) years' experience in heavy industry in various positions spanning process engineering, process control and EHS management. She was previously employed to UC Rusal Alumina Jamaica Limited as well as Noranda Bauxite Limited, and is currently employed to J Wray & Nephew Limited as EHS Director.

Her qualifications include an MSc in Chemical Engineering and a BA in Economics. She is an ISO Quality Auditor, a certified Internal Controls Risk Analyst and a Project Management trained registered Professional Engineer. She is also a member of the Jamaica Occupational Health and Safety Professionals Association, American Society of Safety Engineers and the American Institute of Chemical Engineers.

Alicia has consistently given back to her community and has previously served as a member of the Boards of Belair High and Preparatory Schools, Vice-President of the Bauxite Safety Council, and member of the Supervisory Committee of the Credit Union and also that of the former Kirkvine Credit Union. In addition to being a Director on the Board of JPS Credit Union and a member of the Risk & Compliance and Member Relations Committees, she also serves as a member of the Professional Engineers Registration Board (PERB) on which she been the Chairman of the Engineering Programmes Accreditation Committee.

Deborah Campbell

Deborah Campbell has gained extensive accounting and management experience through positions held at Alcan Jamaica Company, Jamaica National building Society, and West Indies Alumina Company.

Her expertise is in developing and implementing control mechanisms to ensure smooth and efficient management of an organization's financial systems.

She earned her Bachelor of Science degree in Management Studies from the University of the West Indies, and is currently pursuing her ACCA designation.

Deborah has served her church community as a volunteer for the past 20 years as Treasurer, Group Leader and presently works with the Mother's Union. She sees this as her way of giving back to the community.

David A. Fleming

David is currently employed to the Jamaica Public Service Company Limited (JPSCo) as a Legal Officer. He holds a Certificate of Legal Education from the Norman Manley Law School, a Bachelor of Laws (Hons) from the University of the West Indies, Cave Hill and a Bachelor of Arts (Hons) from the University of the West Indies, Mona Campus.

During the period 2009-2010 he held the Presidency for the Norman Manley Law School Students Association and was a representative at The American and Caribbean Law School Initiative (ACLI) held in Jacksonville, Florida where he prepared a paper on the "Independence of the Judiciary".

David is a member of the Jamaica Bar Association and the Lions Cub of Downtown Kingston.

Dwight Hart

Mr. Hart is employed to UC Rusal Aluminum Jamaica Limited in excess of twenty five (25) years. He is currently the Maintenance and Rehabilitation Manager. He holds a BSc. Degree in Mechanical Engineering from the University of the West Indies (UWI) St. Augustine, Trinidad.

Mr. Hart served as President of the former Ewarton Works Credit Union from 2008 up to the time of the merger with the JPS & Partners Credit Union in 2013. He was a former member of the Supervisory and Education Committees of that Credit Union. He is currently a Director on the Board of the Credit Union and a member of the Infrastructure Committee.

Dwight is a very dedicated individual who at one time was the President of The Ewarton Works Sports Club.

Nominating Committee Report *(Continued)*

Clive Segree

Mr. Segree currently serves as a Director on the JPS & Partners Co-operative Credit Union Board. He is a Tax Administrator and Operations Manager with over thirty (30) years of progressive development in the Tax Administration/Revenue Services.

Mr. Segree is currently employed to Tax Administration Jamaica since 1986. He is a Senior Tax Audit and Investigation Manager, currently Acting Assistant General Manager, Collections, Compliance and Taxpayer Accounts. He demonstrates a holistic leadership, and people management skills that empowers and develop staff to perform at their maximum potential and abilities to produce results.

He holds a Post Graduate Diploma in General Management; Bachelor of Science in Management Studies and Accounts, and a Certificate in Accounting Technician (AAT). He is also a graduate of the Mannings School.

Clive sees it as paramount importance to fulfil his civic obligations in his community. Over the years he has held many positions in various organizations; President of the Parent Teachers Association at the TAT Early Child Care Centre in Gregory Park, St. Catherine, Vice Chairman, Calvary Wesleyan Holiness Church Board, Greater Portmore, St. Catherine. He is also a mentor at the University of the West Indies, Mona and has served as Chairman for CG Co-operative Credit Union Education, Supervisory and Credit Committees.

He is a proud husband and father.

Devon Wright

Mr. Wright has been employed at the Jamaica Public Service Company Limited for over 20 years. He currently holds the position of Project Officer. He has held other positions such as Budget Administrator, Financial Accounting Assistant, and Business Analyst. He previously served for over five (5) years as Chairman of the JPS & Partners' Supervisory Committee.

His qualifications include a Masters Degree in Logistics and Suppliers Chain, BSc. Degree in Finance and Accounting and certificates in Project Management and Electrical Installation (Level III). He also holds a Lean Process and Six Sigma Yellow Belt Certificate in Writing Business Process.

Devon is a UCASE Union Delegate at the Jamaica Public Service Company Limited. He is married with two sons.

SUPERVISORY COMMITTEE

Janet R. Morrison Plummer, FCCA, FCA

Ms. Morrison Plummer is employed to Tax Administration Jamaica (TAJ) as an Audit Specialist. She is currently assigned to the Production Support Office on King Street, where she serves as the Subject Matter Expert for Audit on TAJ's integrated tax administration system (known as Revenue Administration and Information System - RAIS).

She is a Chartered Accountant who has spent all her professional life in Accounting and Audit. She is also a Fellow of both the Institute of Chartered Accountants of Jamaica (ICAJ) and the Association of Chartered Certified Accountants (ACCA). She is a member of Council of ICAJ and serves as Chair of the Institute's Public Sector Committee.

Ms. Plummer has experience with credit union affairs as she served the then CG Cooperative Credit Union as a member of the Supervisory Committee. She is a Toastmaster and currently serves District 81B as Assistant Division Director- Program Quality.

Corine McCalla

Ms. McCalla has been employed to the Jamaica Public Service Company Ltd. for the last 21 years and has been a member of the Credit Union since then. During her tenure in the organization, she has worked in several departments including technical Services, Workshop and New Generation. She currently serves as the Executive Assistant to the Chief Financial Officer in the Finance and Administration Division. She holds an Associate and Bachelor's degrees in Business Administration.

Corine has been a member of the Supervisory Committee for almost two years and has served as Chairperson since the last AGM. She is the proud mother of one daughter. She considers herself a task oriented and a people person.

Nominating Committee Report *(Continued)*

Caphanne March

Ms. March has been employed to the Jamaica Public Service Company Ltd. for the past 22 years where she has held various administrative positions and currently serves as the Manager, Expansion Administration department. She is a graduate of the University of the West Indies where she completed a BSc. in Management Studies (Accounting & Management) as well as graduate studies in Human Resource Development and English Language. She also holds a certificate in Project Management from the University of New Orleans.

Caphanne has been a Credit Union volunteer for over ten years serving as location representative, Development Committee member and in the last financial year she served as the Secretary to the Supervisory Committee.

Viris Reece-Jones

Mrs. Reece-Jones has been employed to the Tax Administration of Jamaica (TAJ) since 1997. She presently holds the position of Senior Revenue Auditor.

Her qualifications include an MSc in Accounting from the University of the West Indies and a Diploma in Education from the Mico University College.

Mrs. Reece-Jones describes herself as a hard worker with strong analytical skills.

Annmarie Raymond

Ms. Raymond has been an Internal Auditor in the Ministry of Finance for most of her working years. She is a Certified Accounting Technician (AAT) and also has a diploma in Management Studies and Accounting from the Institute of Management Sciences.

Annmarie is a Seventh Day Adventist and is also a member of the Church's and School's Board of Directors. She is a Master Guide and is actively involved in Pathfinder Clubs. She likes to volunteer in her church and community and conducts CSEC and GSAT classes with young people. She enjoys singing and visiting new places.

CREDIT COMMITTEE

Sharlene Chunnu-Brown

Mrs. Chunnu-Brown is currently employed to the Jamaica Public Service Company Ltd. as Manager, Risk & Insurance. Her professional and educational qualifications include Master of Business Administration and Bachelor of Arts from the University of the West Indies, Mona and a Diploma from the College of Insurance. Prior to working at JPS, she was employed in the banking and airline industries.

Sharlene loves gardening and is an avid reader. She is married to Glenroy Brown and together they have a son, Thair.

Nicole Goodin

Nicole is employed to the Jamaica Public Service Company for ten (10) years and is currently the Manager – HR Operations and Processes. She has a wealth of experience in Business Analysis and Process Management including designing and implementing policies and control mechanisms to ensure accountability and efficiency of organization's processes in alignment with strategic objectives.

She holds an MBA with a specialization in Banking and Finance from the Mona School of Business – University of the West Indies (UWI) and is also a Certified Business Process Practitioner and Customer Service Professional.

Nicole has previously served at various levels of the Rotaract Club of Kingston including President 2011-2012 and is very passionate about community service and youth mentoring.

Nastassia Dixon

Ms. Dixon is currently employed to the UC Rusal as Fixed Assets and Capital Projects Accountant. Her qualifications include a Bachelor of Science in Management Studies Accounting from the University of the West Indies as well as an Associate's degree in Business Studies. She is currently pursuing the ACCA qualification.

Nominating Committee Report *(Continued)*

Nastassia has over four (4) years work experience, majority of which is in the field of accounts and finance. These experiences have shaped her to be a very competent and astute individual. She is also a firm advocate for the importance of nutrition, fitness and exercise and as such she is an active member of her local fitness centre and enjoys activities such as hiking and long distance running.

Maxine Gardener

Maxine Gardner was employed to Tax Administration Jamaica for 37 years.

She served in the capacity of Director of Revenue Accounts and Director of Organizational Development.

She holds a Master's Degree in Accounting and a Bachelor of Science in Management Studies and Accounting.

Maxine has served in several capacities at the CG Co-operative Credit Union: Board of Directors, Credit and Supervisory Committees for over 30 years. She describes herself as a great team player who ensures that the job is well done.

Deidre Codner-Campbell

Mrs. Codner-Campbell has been employed to the Tax Administration of Jamaica (TAJ) since 2007. She currently holds the position of Technical Specialist. Prior to that, she worked at the Jamaica Public Service Company Ltd. as Junior Analyst – Financial Reporting.

Her qualifications include an MBA – International Business from the Mona School of Business and a Diploma in Financial Accounting from the Cambridge Tutorial College, London. Mrs. Codner-Campbell is also a Certified Accounting Technician (AAT). Her extra-curricular activities include being a member of the Public Relations and Marketing and Taxation Committee with the Institute of Chartered Accountants of Jamaica and National Children's President, Pentecostal Assemblies of the World (Jamaica Council).

Terrence Knight
Chairperson

Resolutions

CURRENT MAXIMUM LIABILITY

WHEREAS Credit Unions are required to obtain the approval of the General Meeting for the maximum liability they may incur in voluntary shares, loans and deposits and whereas the current limit approved by the last General Meeting was for this Board to borrow up to an amount not exceeding a ratio of sixteen (16) times of the Society's capital and reserve fund;

WHEREAS the Board of Directors is satisfied that the present functions of the JPS and Partners Co-operative Credit Union can be discharged within the limit of sixteen (16) times previously established;

BE IT RESOLVED THAT The Board of Directors may incur a liability in voluntary shares, deposits and/or loans from any source on such terms of payment or security provided that the total liability shall not exceed a ratio of sixteen (16) times of the Society's capital and reserve fund.

Notes

National Anthem

Eternal Father, bless our Land
Guard us with Thy mighty hand
Keep us free from evil powers
Be our light through
countless hours
To our leaders, Great Defender,
Grant true wisdom from above
Justice, truth be ours forever
Jamaica, Land we love.

Chorus:
Jamaica, Jamaica, Jamaica,
Land we love.

Teach us true respect for all
Stir response to duty's call
Strengthen us,
the weak to cherish
Give us vision, lest we perish
Knowledge send us,
Heavenly Father
Grant true wisdom from above
Justice, truth be ours forever
Jamaica, land we love

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.

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ST. CATHERINE
Tel: 903-5081

KIRKVINE
KIRKVINE WORKS
MANCHESTER
Tel: 961-7656

12 OCEAN BOULEVARD
OFFICE CENTRE BUILDING
SUITE #19, KINGSTON
Tel: 967-9592 / 922-4376

Toll Free: **1-888-991-4304** • Email: **jpscreditunion@jpscu.com** • Website: **www.jpscu.com**

JPS & Partners Co-operative Credit Union

Editorial Team: Joydene Jarrett, Natalie Murray, Zurie Johnson, Andy-Raye Grapine