



IECCU

THE INSURANCE EMPLOYEES COOPERATIVE
CREDIT UNION LIMITED

A Union of Possibilities

ANNUAL GENERAL MEETING



38TH



Annual Report 2013

OUR PHILOSOPHY

The success of
The Insurance Employees Co-operative Credit Union Limited
is highly dependent on the co-operative effort of dedicated and
committed men and women bound together by mutual interest and
working towards the common objective of providing quality service
to all our members.

It is in this context that we set out below for all to see some
of our basic beliefs.

We believe that all members should be treated justly and
fairly and that there should be not favouritism.

We believe that the needs of members and employees must be recognized
and that every effort should be made to satisfy their financial well-being.

We believe that employees' desire for self development,
job satisfaction and knowledge of what is going on within the
Credit Union should not only be encouraged but should be
facilitated and assisted.

We believe that the Board of Directors is obliged to provide the members with
innovative and creative services and strong credit union leadership.

We believe that members and employees should be encouraged to make their
individual contributions to the success and growth of
IECCU and that the society should have a social responsibility
towards the communities within which it operates.

We believe that ours is the business of sharing and caring and that able and
experienced people should avail themselves to sustaining the
growth and development of the Credit Union.

We believe that our financial strength can be realized through prudent
financial management, increased capital inflows and substantial surplus.

We believe in maintaining a good and effective relationship with all
Credit unions in Jamaica, the Co-operative Credit Unions,
The World Council of credit Unions and all Credit Union movements
throughout the world, in order to advance the best interest of our members.

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MISSION STATEMENT

**Our mission is to promote
the Co-operative principles
of the credit union movement
as the most effective
approach for our members to
achieve personal financial well being,
and to provide a dynamic
and friendly organization
in which our employees
will grow and develop,
our members will prosper,
and the public will respect.**



Notice & Agenda

NOTICE IS HEREBY GIVEN THAT THE
THIRTY EIGHT ANNUAL GENERAL MEETING
OF THE INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED

WILL BE HELD AT THE JAMAICA PEGASUS HOTEL, 81 KNUTSFORD BOULEVARD,
KINGSTON 5, ON WEDNESDAY JULY 16, 2014 AT 5:30 P.M.

THE MEETING IS BEING CONVENED FOR THE FOLLOWING PURPOSE:

1. TO READ AND CONSIDER THE RELEVANT REPORTS
2. TO CONSIDER AND DECIDE ON THE FOLLOWING RESOLUTIONS:
 - A. THAT THE REPORTS TO THE MEETING BE ADOPTED.
 - B. APPROVE AND ADOPT THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS CONCERNING DIVIDENDS.
3. TO ELECT OFFICERS FOR THE YEAR 2014
4. TO DEAL WITH ANY OTHER MATTERS THOUGHT FIT

AGENDA

THE INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LTD.
38TH ANNUAL GENERAL MEETING

1. ASCERTAIN THAT A QUORUM IS PRESENT
2. CALL TO ORDER
3. APOLOGIES
4. MINUTES OF THE 37TH ANNUAL GENERAL MEETING
5. MATTERS ARISING COVERED IN REPORTS
6. REPORTS
 - A. BOARD OF DIRECTORS
 - B. FINANCIAL REPORTS FOR 2012
 - i. AUDITOR'S REPORT
 - ii. TREASURER'S REPORT
 - C. CREDIT COMMITTEE REPORT
 - D. SUPERVISORY COMMITTEE REPORT
 - E. REPORT OF THE DELEGATES TO THE LEAGUE'S AGM
7. DISCUSSION
8. ELECTIONS
 - A. REPORT OF THE NOMINATIONS COMMITTEE
 - B. ELECTION OF OFFICERS
 - i. BOARD
 - ii. CREDIT COMMITTEE
 - iii. SUPERVISORY COMMITTEE
 - iv. DELEGATES TO THE LEAGUE'S AGM
9. NOMINATION OF AUDITORS
10. RESOLUTIONS
 - i. FIXING OF MAXIMUM LIABILITY
 - ii. DISTRIBUTION OF SURPLUS
 - iii. ALLOCATION OF CAPITAL
11. ADJOURNMENT

Minutes

MINUTES OF THE THIRTY-SEVENTH ANNUAL GENERAL MEETING OF THE INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED HELD ON TUESDAY, MAY 28, 2013, AT THE KNUTSFORD COURT HOTEL, 85 CHELSEA AVENUE, KINGSTON 5

CALL TO ORDER AND PRAYER:

The Chairman, Mrs. Bernita Locke, having ascertained that there was a quorum called the meeting to order at 5:40 p.m. She then invited the members to stand and repeat the prayer of St. Francis of Assisi.

Present (See list attached).

WELCOME:

The Chairman extended welcome to all present, including directors, guests and members. Special welcome was extended to Guest Speaker, Ralston Hyman – Financial Analyst/Editor for over twenty-five years; Past Presidents, Mr. Neville Hendricks and Ms. June Morgan; Mr. Paul Tai from Nunes Scholfield; Mr. Errol Gallimore, Registrar, Miss Tenesia Facey and Miss Vanessa Porter from the Department of Cooperative and Friendly Societies; Miss Vera Lindo from Jamaica Co-operative Credit Union League; Mr. Sixt Coy, Auditor and Miss Joyce James, Stenographer.

APOLOGIES FOR ABSENCE:

Apologies for absence were tendered on behalf of Cauline Haynes, Franklin Johnson, Maxine Edwards, Luchinvar Lungen, Jackie Dixon, Maxine Clarke and Jean Forbes.

GUEST SPEAKER:

The Guest Speaker, Mr. Ralston Hyman was introduced by Mr. Christopher Givans, Secretary. Mr. Hyman gave an enlightening presentation on the Global Economy – the Role of the Credit Unions and their members in the IMF Programme implemented by the Jamaican Government.

The Chairman then thanked him for his usual thought provoking speech after which he was presented with a token on behalf of the members.

MINUTES OF THE THIRTY-SIXTH ANNUAL GENERAL MEETING:

The minutes of the Thirty-sixth Annual General Meeting held on Tuesday, July 24, 2012 were taken

as read. There being no amendment or correction, the minutes were confirmed on a motion moved by Leonie Emden, seconded by Deniese Ebanks.

MATTERS ARISING:

One member queried whether issues regarding the audit reviews and bank reconciliation were now finalised. Mr. Bowen, General Manager, in response stated that the year ended with the bank reconciliation being current and balancing without any problems. However, other areas such as the suspense account would be an ongoing activity.

The minutes were then approved on a motion moved by Mr. Neville Hendricks, seconded by Nicky Chance.

REPORTS:

BOARD OF DIRECTORS:

The Chairman presented the Board of Directors report via power point presentation.

She then introduced the members of the Board, the Credit Committee and the Supervisory Committee.

She offered condolences to Director Franklin Johnson whose wife had recently passed.

The Chairman highlighted the following:

The Credit Union was currently operating in a very challenging economic environment, and as such, there needed to be a constant review of the policies and close monitoring of compliance to regulations and financial performance.

The Credit Unions assets grew by 6.8%; Savings were 1 Billion and Assets, 1.45 Billion. The Credit union recorded a net deficit of 9.5 million due mainly to delinquency.

The merger with the Building Societies and the Credit Union was completed in December, 2012.

The Credit Union experienced attrition of staff due to migration and movement of staff to other entities thus enabling promotion, and so training and development for staff members continued to be a priority.

Minutes cont'd

The office space was renovated and the focus of 2013 would be to improve the quality of service accessed by members in the Mandeville region.

In August 2012, specially reduced loan rates (for the Olympics season) were introduced for motor vehicle and other loans.

The Credit Union continued to build awareness through advertisements aired throughout the year using the print and electronic media, and advertisements were also placed on Kool FM, Power 106 and Fame FM.

There was a concerted effort made during the year to boost savings.

Internet banking was launched in 2012.

The Delinquency Committee was applauded by the Chairman for its effort to stem the chronic delinquency situation. However despite best efforts, the ratio increased from 6.7% to 13%.

The Chairman concluded by thanking the members of the Board, Supervisory Committee, Credit Committee, Delinquency Committee, the Auditors, Cooperative and Friendly Societies, the League, and the management and staff for their invaluable support throughout the year. She also thanked the members for their support and implored them to make the Insurance Employees Cooperative Credit Union the Credit Union of Choice.

Questions and comments were invited from the audience.

Mrs. Pauline McKenzie-Fairclough queried the reason for the increase in delinquency in light of the fact that loans should be repaid via salary deductions. Mr. Bowen stated that one of the major contributing factors was that members lost their jobs and were unable to regain employment in a timely manner. Another factor he stated was that collaterals used to secure the loans, such as motor vehicles deteriorated significantly and so were unable to liquidate the loans when disposed of. Mr. Bowen stated that going forward chronic delinquent accounts would be identified earlier collaterals seized and disposed of in order to curb the situation.

Mr. Cosmo Walker suggested that an extension of the loan period be granted for persons who were unable to repay their loans within the required time, but the Chairman stated that loans are sometimes extended to eight years.

Mr. Nigel Dixon questioned the strategies that would be employed going forward in light of the increase in operating expenses while revenue was decreasing. The Chairman advised that the Treasurer would address that concern in his report.

The Board Report was then accepted on a motion moved by Mrs. Loris Chin-Young, seconded by Eli Ferguson

FINANCIAL REPORT

Auditor's Report:

Mr. Sixto Coy, representative from the auditing firm, Mair Russell Grant Thornton was invited to present the Independent Auditor's Report for the year ended December 31, 2012. He reported that in the Auditor's opinion, the Financial Statements gave a true and fair view of the financial position of the Cooperative as at December 31, 2012 and its financial performance, and that proper accounting records had been maintained and the Financial Statements were in agreement with the accounting principles required by the Cooperative Societies Act and the International Financial Reporting Standards.

Treasurer's report:

Mr. Fray Ellis, Treasurer, highlighted the following:

The Credit Union was in a precarious position in light of the chronic delinquency recorded for the year 2012, the rise in inflation and low rate of return on investments. He stated that those issues were having a deleterious effect on the Credit Union and if not reversed, it could be detrimental to the Credit Union, and in order to continue as a thriving entity some crucial decisions would have to be made.

Savings recorded an 8.4% growth, the highest growth rate for 2012. Loan interest income declined, bad debt grew by 15.9%, and non-interest income declined by 1.3%.

7 of 12 PEARLS ratios were met in 2012 due to the situation faced by the credit union.

The Treasurer stated that in light of the above and in order for the Credit Union to stay afloat it would have to consider the introduction of fees and repossessing motor vehicles as soon as the members were in arrears. He implored members to come in and talk with the Credit Union to avoid going delinquent.

In response to Mr. Walker's suggestion for extending the repayment period on loans, the Treasurer stated that this would not be feasible as members were

made redundant and were unable to repay their loans because they had no income.

Ms. Basilia Fray proposed that counselling services be offered for members who were finding it difficult to repay their loans. In response, the Chairman stated that the delinquent members were members who were in the system for a long time.

Mrs. Facey further questioned whether the merger with the Building Societies had any significant impact on the Credit Union. Mr. Ellis stated that that was done in the best interest of the Credit Union, to grow business. He opined, however, that the members of the Building Societies had not received their dividend and that the Credit Union was working assiduously on giving a dividend to members of the Building Societies.

In answer to the question re increase in operating expenses, the Treasurer pointed out that the increase in operating expenses was mainly due to the increase in inflation, increase in salaries for staff and utilities.

Queried by Mrs. Penny Morgan as to whether the merger impacted negatively on the delinquency rate, Mr. Ellis stated that it did not have a negative impact on the delinquency.

Mrs. Morgan further queried if the Board had thought of solarising the building to which Mr. Ellis stated that they were looking at it and they had requested quotes from companies who provide the service.

Mrs. Morgan suggested that the Credit Union employ the services of the Credit Bureau to assist in ascertaining the credit rating of members. Mr. Bowen in response stated that the League had initiated it and that they were now in discussion with one of the companies.

Mr. Patrick Sinclair expressed his displeasure with the Treasurer's report, as the report, he stated, gave a sense of gloom and despair, and encouraged the Treasurer to find solutions to propel the Credit Union forward as delinquency was here to stay. Mr. Ellis stated that it was not his intention to paint a picture of gloom but rather to state the reality of what was happening in the Credit Union. Mr. Sinclair informed him that the Credit Union was not going to 'mash up' and stalwarts like him would be working with the credit union to see it rise again.

The report was then accepted on a motion moved by Jacqueline McDonald and seconded by Yvonne Lewison.

SUPERVISORY COMMITTEE

Mr. Winston Delahaye, of the Supervisory Committee presented the report in the absence of the Chairman. He highlighted the findings of the audit done by the League stated on Pages 57 and 58 of the Annual Report.

He then thanked the different players who assisted the Committee in carrying out its duties for the year in review.

Mr. Errol Gallimore, Registrar, commended the Committee for such a detailed report but expressed concern regarding non-compliance with the Credit Union's laws and regulations, and questioned whether the issues raised were addressed in 2013.

Mr. Delahaye in his response stated that some of the issues were no longer concerns and some were a work in progress. He further stated that he could not give specifics as he did not have the file with him but that he could address the Registrar's concern as soon as he was in possession of his file.

In light of the comments made by Mr. Delahaye, Mr. Walker impressed upon the Board and management to start thinking differently and respond to what the Supervisory and Credit Committees put forward in a timely manner.

There being no further questions, the Supervisory Committee report was accepted on a motion moved by Eugenie Anderson and seconded by Elaine Brooks.

CREDIT COMMITTEE

Mr. Ball, Chairman of the Credit Committee presented his report for the year 2012. He stated that the loan portfolio totalled a little over a billion dollars at year end, reflecting a 9% improvement and that the loans reviewed were for debt consolidation, maintenance, repairs, motor vehicle purchase and education.

He also spoke to the issue of delinquency, stating that sometimes members move from one organisation to another and fail to put in place a salary deduction, until contacted by the Credit Union.

Mr. Courtney Golding suggested that persons who were not repaying loans that were over half million dollars be referred to the Financial Services Commission, and that all delinquent members should be contacted by the Credit Union. He proposed that members in good standing should be offered preapproved loans as incentives.

Minutes cont'd

Mr. Cosmo Walker stated that the structure of the loans offered by the Credit Union needed to be modernised to reflect the 21st Century and offered his service free of cost to assist in that regard.

There being no further questions, the report was accepted on a motion moved by Velma Nicholson, seconded by Dionna Henry.

DELEGATES REPORT

Mr. Mark Bowen, General Manager, presented the report.

He reported that the League's Annual General Meeting was held at the Ritz Carlton Hotel in Montego Bay from May 24 to 27, 2012 under the theme "Shared Efficiency through Transformation and Innovation".

Two special guest speakers, late Dr. Heather Little-Whyte and Alex Sterling spoke on different topics. Their presentations were interesting and well-received.

The League spoke of its achievements, particularly the upgrading of the electronic switch which supported the debit card system.

Mr. Bowen also reported on the merger of two major credit unions – Churches Cooperative Credit Union Limited and GSB Credit Union Limited, now First Heritage Co-op Credit Union. This was a major initiative that the League was party to.

Assets of the Credit Union Movement stood at 9.9 Billion. This showed a decline of 7.3%, the first decline in over twenty years.

A surplus of \$144.5 Million was realised, a decline over the previous year.

Ms. Nicholson questioned whether Mr. Bowen was satisfied with the growth in membership. Mr. Bowen indicated that last year's growth was the largest the Credit Union ever had, and which could be attributed to the merger with the Building Societies.

The report was then adopted on a motion moved by Mr. Neville Hendricks and seconded by Mr. Kevin Morris.

PROPOSAL FOR RULE AMENDMENT – Rule 59

The Treasurer took the meeting through this exercise. He read the current and the proposed rules.

Miss Morgan suggested that instead of the current rule stating '...mail to each member at his address', that it should now read, 'to be mailed to each member's address'. This was seconded by Mr. Hendricks.

The amended rule amendment was put to the vote and it did not find favour with the members.

The original rule amendment was put to the vote and it too failed as 75% of the membership present needed to vote for it to carry. The members being advised that the rule amendment was not carried started to protest as they stated that they did not understand that they were voting for the amended rule change in its entirety. The Registrar's intervention was sought and he ruled in the first instance that it was not passed and advised that the meeting move on to the other item on the agenda. The meeting continued its protest and the Registrar then exercised his discretion and yielded to the members now being convinced that it was a misunderstanding. He put the motion to the floor and on a vote of one hundred and twenty for the proposal was carried.

MAXIMUM LIABILITY

The Board of Directors proposed that the maximum liability be set at \$1.7 Billion which would satisfy the maximum projected growth in interest bearing liabilities during 2013 in relation to Article 19, Rule 69. This was unanimously accepted.

NOMINATION COMMITTEE REPORT:

The report was presented by Mr. Kenneth DaCosta, Chairman of the Nominating Committee.

Board of Directors

Directors retiring were Fray Ellis, Derrick Logan, Cynthia Samuda and Christopher Givans.

Nominated were Fray Ellis, Derrick Logan, Christopher Givans and Mr. Wilfred Ball to service for a period of two years and Marjorie Neita to fill the unexpired period of George Baker

CREDIT COMMITTEE

Retiring Cauline Hayes, H. Jimmy Reid and Heather Nelson.

Nominated were Cauline Hayes, H. Jimmy Reid and Uelma Nicholson to serve for a period of two years; and Ms Paulette Small to fill the unexpired period of one year for Wilfred Ball, who was elevated to the Board.

Minutes cont'd

SUPERVISORY COMMITTEE

Retiring Winston Delahaye, Leonie Emden, Hyacinth Ennis, Lochinvar Lungren, Hugh Meredith, Newton Nelson and Marjorie Hamilton.

Nominated to serve for one year Winston Delahaye, Leonie Emden, Hyacinth Ennis, Lochinvar Lungren, Hugh Meredith, Newton Nelson and Marjorie Hamilton.

Delegates

The delegates nominated for JCCUL were Mark Bowen and Kenneth DaCosta; while the alternate delegates were Franklin Johnson and Dionne White.

ELECTIONS

The Registrar, Mr. Gallimore, was then asked to preside over the elections. He instructed the meeting on how he proposed to conduct the elections.

Board

He then opened the floor for nominations.

Ms. Andrea Vassell then nominated Mr. Winston Delahaye. This was seconded by Andrea Anderson. Mr. Delahaye was asked if he was willing to serve on the Board of Directors, and he answered in the affirmative.

Mr. Newton Nelson then nominated Mr. Ray Johnson, and this was seconded by Norma Ebanks.

There being no further nominations, nominations were closed.

The Registrar advised of the options for voting, which could be by ballot or show hands. The members opted that voting be done by show of hands.

The Registrar went through the process and the meeting elected Mr. Derrick Logan, Mr. Wilfred Ball, Mr. Christopher Givans and Mr. Winston Delahaye to serve for two years and Mr. Fray Ellis to serve for one year.

Credit

Having asked three times for nominations from the floor, hearing none, Cauline Hayes, H. Jimmy Reid and Uelma Nicholson were elected to serve for a period of two years, and Ms Paulette Small for one year.

Supervisory

With Mr. Delahaye nominated to serve on the Board, there was one vacancy which the Registrar sought to fill by asking for nomination from the floor.

Mr. Cosmo Walker was nominated by Mr. Joseph Walters. This was seconded by Ms. Andrea Bent. There being no further nominations, all the persons nominated with the exception of Mr. Delahaye whose position was filled by Mr. Cosmo Walker, were duly elected to serve for one year.

Early bird prize followed

In closing, the Chairman thanked everyone for attending and invited Harold Davis and Friends to entertain the audience with some more music.

The meeting adjourned at 9:38 P.M.

Adjournment

There being no other business, the meeting was adjourned at 9:38 p.m.

Other Persons Present at AGM

1	Allen, Doreen	COC	95	Knight, Marie	Self Employed
2	Amos, Melissa	Advantage General	96	Knight, Winford	Self Employed
3	Anderson, , Andrea	GLL	97	Landley-Nelson, Trudy	Sagikor
4	Anderson, Eugenie	GLL	98	Lawson, Dean	Super Clubs
5	Archer, Pauline	CAB	99	Lawson, Maurine	Solid Life
6	Bailey, Teniesha	IECCU	100	Lawson, Samantha	Student
7	Ball, Wilfred	FFK	101	Lawson, Tabitha	COC
8	Bansie, Lorna	MWLFC	102	Lewin-Lawson, Karla	JNGI
9	Baxter, Andrea	GLL	103	Lewis, Yvonne	WIA
10	Bent, Andrea	COC	104	Lloyd, Jennifer	GLL
11	Blackwood, Seymour	Spectrum	105	Locke, Bernita	COC
12	Blake, Mark	JNHT	106	Logan, Derrick	Utech
13	Bowen, Lucille	Retired	107	Lopez, Jeahette	COC
14	Bowen-Baker, Audrey	NCB Insurance	108	Lowe-Wilshang, Carrian	Tip friendly
15	Broadbelt, Nicole	Sagikor	109	Marie, Ruddock, Donna	GLL
16	Brooks, Elaine	GLL	110	Martin, Phiona	Auditor General Dept
17	Brown, Heather	Sagikor	111	Masters, Donovan	COC
18	Brown, Lyndon	Sagikor	112	McDonald, Jacqueline	GLL
19	Brown-Beverly, Beverley	Sagikor	113	McGowan, Cordella	IECCU
20	Burnett-Needham, Nadine	Tip friendly	114	McGowan, Vernon	COC
21	Burrell, Jacinth	ICWI	115	McGregor, Dwight	GLL
22	Campbell, Leanova	Retired	116	Mckenzie, Adasa	GLL
23	Campbell, Marcia	Sagikor	117	McKenzie, Dwayne	Sagikor
24	Campbell, Odeon	COC	118	Mckenzie-Farclough, Pauline	Sagikor
25	Campbell, Sandra	Sagikor	119	Mckoy, Troy	Self Employed
26	Campbell, Sharmaine	Tip friendly	120	McLeary, Napair	IECCU
27	Chambers, Janet	Sagikor	121	McLennon, Clinton	GLL
28	Chance, Nicola	Desmond Mair	122	McPherson, Earl	Sagikor
29	Chin-Young, Loris	Sagikor	123	Mighty-Campbell, Charmaine	Guardsman
30	Clarke, Delceta	JiIC	124	Morais, Althea	Sagikor
31	Clarke, Nadine	Tip friendly	125	Morgan, Pene	COC
32	Clennon, Brian	Broadbent	126	Morgan-Evelyn, Margean	GLL
33	Clennon, Marcian	Broadbent	127	Morris, Kevin	General Account
34	Collins-Gordon, Charmaine	Tip friendly	128	Mowatt, Lillias	COC
35	Dacosta, Kenneth	GLL	129	Mowatt, Marcia	Sagikor
36	Daley, Eula	Unemployed	130	Nathan, Harold	Utech
37	Davis, Damion	Sagikor	131	Nelson, Newton	Sagikor
38	Davis, Renee	Tip friendly	132	Nembhard, Michelle	IECCU
39	Dawes, Jacqueline	COC	133	Nicholson, Uelma	Spectrum
40	Delahaye, Winston	Windalco	134	Osbourne, Marcia	COC
41	Dewar, Dionne	GLL	135	Page, Ian	BNC
42	Dick, Donna-Marie	Sagikor	136	Palmer, Nicola	Tip friendly
43	Dick, Mary	COC	137	Petinaud, Kimone	GLL
44	Dixon, Nigel	Mellenium Training Academy	138	Pitter-Walker, Emma	Sagikor
45	Drummond, Donnalee	Tip friendly	139	Preddie, Nadia	Transport & Works
46	Dwer, Samuel	GLL	140	Prendergast, Erica	Sagikor
47	Dyke, Teisha	JiIC	141	Quarrie, Vanessa	COC
48	Ebanks, Denise	ICWI	142	Ramsay-Waison, Anthea	Min of Agriculture
49	Ebanks, Marva	Sagikor	143	Reynolds, Lezlie	Solid Life
50	Edwards, Janet	GLL	144	Richards, Shelly-kay	COC
51	Edwards, Kemar	FFK	145	Ricketts, Fabian	Tip friendly
52	Ellington, Deonne	Advantage General	146	Roberts, Delma	Spectrum
53	Emden, Leonie	Spectrum	147	Robinson, Craig	Sampars cash & carry
54	Ennis, Hyacinth	GLL	148	Robinson, Mackeisha	COC
55	Facey, Sophia	Goldfield	149	Robinson, Tricia	IECCU
56	Ferguson, Antoinette	Solid Life	150	Samuels, Robert	Sagikor
57	Ferguson, Eli	GLL	151	Scott, Garfield	JiIC
58	Findlay, Richard	IECCU	152	Shakes, Andre	Solid Life
59	Forbes, Mario-Lee	GLL	153	Shaw, Roy	Retired
60	Forrest, Cindy	Retired	154	Sinclair, Patrick	Sagikor
61	Francis, Angella	Sagikor	155	Small, Charles	Advantage General
62	Francis, Garcia	Tip friendly	156	Small, Paulette	Sagikor
63	Fray, Bascilia	Sagikor	157	Smith, Shantal	Advantage General
64	Freeburn, Angella	Sagikor	158	Staple, Andre	Carib Global Dist
65	Givans, Christopher	Sagikor	159	Stewart, Carlene	GLL
66	Golding, Courtney	CAB	160	Stewart, Julia	GLL
67	Gordon, Rohan	Sagikor	161	Streete-Hendricks, Marcia	Sagikor
68	Granston, Thelma	Sagikor	162	Taylor, Chairmine	Sagikor
69	Grant, Loy	Tip friendly	163	Taylor, Eric	COC
70	Grant, Mark	Tip friendly	164	Thomas, Foster	Sagikor
71	Grant, Michelle	VMBS	165	Thompson, Jennifer	FIRM
72	Gutzmore, Tracy-Lee	Tip friendly	166	Thompson, Pamela	GLL
73	Hall-Clarke, Lorraine	UDC	167	Tomlinson, Delroy	Met Office
74	Hamilton-Clarke, Machorie	GLL	168	Tucker, Giselle	Student
75	Harris, Gloria	Sagikor	169	Tucker, Gloria	Retired
76	Harris, Shauna-Kay	GLL	170	Tyrell, Shannon	Tip friendly
77	Hart, Novellette	Sagikor	171	Vassell, Andrea	GLL
78	Heaven, Muriel	MOL	172	Verley, Keith	GLL
79	Hendricks, Neville	Retired	173	Walker, Cosmo	Lawe Ins
80	Henry, Arlene	FFK	174	Walker, Howard	Sagikor
81	Henry, Cheryl	General Accident	175	Walker, Latoya	GLL
82	Henry, Deanna	Sagikor	176	Walters, Joseph	Desmond Mair
83	Heywood, Mitzie	GLL	177	Warburton, Judith	RBC
84	Heywood, Sophia	Sagikor	178	Whyte, Kerry-Ann	Sagikor
85	Howell, Lloyd	COC	179	Williams, Brenda	Sagikor
86	Hunt-Stewart, Janice	GLL	180	Williams, Errol	Sagikor
87	Hylton, Carron	GLL	181	Williams, Karlene	IECCU
88	Iris-Williams, Simone	GLL	182	Williams, Othneil	GLL
89	Jackson, Kerrion	Tip friendly	183	Williamson, Lester	Retired
90	Jarrett, Judith	Solid Life	184	Wilson, Nicola	Tip friendly
91	Johnson, Joyce	Professional Supply Alternative	185	Wilson, Paula	GLL
92	Johnson, Ray	Sagikor	186	Wong, Ava	CAB
93	Joseph, Lorna	COC	187	Worghs, Patrick	JAlFA
94	Knight, Joan	Self Employed	188	Young, Winston	Retired



IECCU Credit Union Day 2013 Highlights



IECCU Credit Union Day 2013 Highlights

Board of Directors



Board of Directors,
From Left to Right:

.....
Franklin Johnson. Carmen Singh.
Wilfred Ball. Bernita Locke
Winston Delahaye. Derrick Logan
.....

Missing From Photo: Fray Ellis. Christopher Givans. Kenneth DaCosta

Report of The Board of Director 2013

Opening Comments

The year ended 2013 could be described as a continuation of the economic challenges that began in 2008 and in fact one may argue has not really ended in light of the challenges inherent in the journey in which we are all engaged. These challenges however, may be seen through different lenses. The pessimist recognizes only that the door is closed. The optimist on the other hand, notices the windows of opportunity and climbs through them to gain access to improved prospects. This however, requires patience, strength, sacrifice and a fresh outlook at one's circumstances. These opening remarks are by no means an encouragement for imprudence, indiscretion or burglary, but rather serve as a reminder of what is required to succeed in hard times. Your Credit Union has sought to do just that, identify the opportunities and leverage them for the advantage of our members. But this is not always easy. It means adjustment, hard choices and sometimes a venture into uncertainty.

The economy showed few signs of improvement. On the contrary a report by Economic Commission of Latin American and the Caribbean (ECLAC) projected that growth for 2013 would be 0.1% even with an International Monetary Fund (IMF) deal. Fitch, the international ratings agency revised its outlook for Jamaica's credit worthiness to negative putting us on watch for a downgrade in the short term, barring economic improvements. The agency advanced that Jamaica must secure an IMF deal to boost confidence and provide relief to the weakening dollar. It also opined that higher interest rates could return to help protect the dollar and also since Jamaica's creditors will view Jamaica as a riskier borrower¹. Oil prices oscillated between \$96 and \$105² per barrel. This situation reflected international economic uncertainties.

Locally Treasury Bill rates rose from 6% at the end of 2012 to about 6.31 in January sending a worrying sign that interest rates may rise further. It ended the year at 8.25%. Inflation at the end of the year was about 9.7%³. The stock market index declined to 80,633 points in December having started the year at over 92,100 points. Rising interest rates were at a cost of protecting the dollar and minimizing inflation.

IECCU continues to navigate through the economic challenges while trying to assist members in finding economic value and safety. Our growth can be quickly measured by our asset base increasing to \$1.5B a modest growth of 2.6%. Savings grew to \$1.02B, a growth of 2.8%. However we recorded a positive return of \$17.2M, mainly from delinquency reductions a significant improvement on last year's position.

Board of Directors

The Board of Directors comprised of Bernita Locke, President, Franklin Johnson, Vice-President, Christopher Givans, Secretary, Derrick Logan, Treasurer, Wilfred Ball, Kenneth DaCosta, Winston Delahaye, Fray Ellis, and Carmen Singh. The table on the following page reflects the attendance at Board meetings for the period.

¹Cubiz, January 21, 2013 ²<http://www.macrotrends.net/1369/crude-oil-price-history-chart> ³http://www.boj.org.jm/statistics/econdata/stats_list.php?type=9

Report of the Board of Directors 2013 cont'd

Board Members Attendance			
Members	Possible Meeting	Attended Meeting	Excused
Kenneth DaCosta	12	11	1
Franklin Johnson	12	10	1
Bernita Locke	12	12	Na
Derrick Logan	12	9	2
Fray Ellis	12	7	2
Carmen Singh	12	10	2
Christopher Givans	12	12	Na
Wilfred Ball	8	8	Na
Winston Delahaye	8	8	Na

Operations

A summary of the activities in member services is provided below.

Members	Internet Banking	New FIP	Goal Accounts	Debit Cards
9661	537	29	280	2793

We continued our focus on improving service delivery and recognize that this is best achieved by combining human factors with effective processes. Regrettably we lost some employees who took advantage of opportunities in the local job market. This provided upward mobility for others as well as the introduction of new employees in the work force. Whilst no employer will always retain the best talent in this competitive knowledge driven economy, the Credit Union is committed continue to do what we can to provide the best conditions of employment within the limited fiscal space. During the period under review we invested employee Training and Development by funding courses in Human Resource Management, Proceeds of Crime Act, Advanced Excel Securities Management and provided educational support for approved study. We will continue to strengthen the team by supporting their professional and intellectual development.

Policy review has become an area of significant concern. In order to remain relevant to members while addressing our obligations to our regulators we have revised several policies and must continue to do so in a timely manner. This is particularly important in an environment of technological, social and economic change where changing practices outpace policy review. We continue to review our policies to remain strong and relevant.

Report of the Board of Directors 2013 cont'd

Marketing

The past year was weak for Marketing activities as we had a vacancy for the year. Having filled the position in 2014 we expect a better schedule of activities during this year.

Our efforts to promote savings have received encouraging results as seen in the table below.

Select Savings Products				
Savings Type	2012		2013	
	Nos.	Amt \$	Nos.	Amt \$
Early Start	653	9.7M	675	10.9M
Golden Harvest	118	24.8M	106	28.7M
Partner Plan	30	1.6M	67	1.3M
Savers Club	7	2.9M	28	2.2M

It is interesting to note that the table suggests an overall increase in the rate of savings, particularly for the youth account referred to as the Early Start. We commend those who make the effort to save despite the economic challenges.

Montego Bay

The Montego Bay office continues to provide service to members in the western region. The table below highlights our activities, showing a 15% increase in deposits and an 11% increase in loans.

Performance of Montego Bay Office		
ACTIVITY	2012	2013
New Accounts	13	38
Deposits	\$19.3	\$16.7M
Transfers	\$10.7	\$5.1M
Withdrawals	\$5.8	\$3.9M
Debit Cards Issued	13	31
Loan Granted	\$44M	\$39.5M
Enquiries	1,524	1,618

We will continue to facilitate ease of business for members in the west and strive to do so more efficiently.

Information Technology

Internet Banking continues to gain interest. At the end of the year approximately 850 persons or three times the last report were on-line. We encourage our members to take advantage of this initiative so that they can have 24 hour access to their account information and the means to reduce the cost of calling or visiting the office to make an enquiry. We continue to encourage members to use this tool to assist in managing their finances.

Report of the Board of Directors 2013 cont'd

Through the League, security improvements were made to the debit card platform to strengthen anti-fraud capabilities and improve access. We implemented JCUES, an IT platform that facilitates mobile applications to check balances, top-up prepaid mobile phones and bill payments. In time "Mobile Money" technology will be explored.

The web site was completed at the end of the year and is now being used as a better marketing tool. You would have seen that information regarding repossessed vehicles and important notices are posted directly to the site. We also improved the security of the site to prevent illegal access.

As a part of a larger Credit Union's user group and in order to benefit from improvements in security and facility, we have upgraded our primary software. This took place in the early months of 2013 and facilitated the introduction of an automated bank reconciliation system. We experienced some teething pains during the year as we ascended the learning curve but we are now better able to undertake the reconciliations more efficiently.

Delinquency

By far the greatest challenge for 2013, delinquent loans continue to negatively impact our performance. We acceded to our members suggestion that we employ debt collectors to assist in the process. We hope no-one here has had to be contacted by the collectors and regret that there are additional costs involved if such was your misfortune. The ratio has declined in 2013 and ended the year at 10%, a decline of three percentage points.

League

The League continued its role as an effective voice for the credit union movement and worthy representation for its members. It completed a transformation process to put itself in a better position to support Credit Unions and wider clientele in the future.

Condolence

On behalf of the membership of the credit union, we express our sincere condolence to the families and close friends of Melvin Chung, Gerard Fontaine, Franklin Hall, Christine Johnson, Patricia Lee, and any other not mentioned here. Their contribution to our Credit Union will be greatly missed. We remember too those who lost loved ones to crime and other tragedies.

Conclusion

Finally on behalf of my colleagues on the Board, I must thank each one of you, our members, for your continued loyal support. Despite the difficulties and challenges of 2013 and even greater travails expected in 2014, we are sure that our partnership will foster mutual successes. We are committed to finding innovative and effective ways to meet your needs within the guidelines of best practices. Let our credit union, the Insurance Employees Co-op Credit Union be your financial institution of choice as you consider where to place your savings and where you approach for loans.

May God continue to bless and strengthen each and every one of you.

For and on behalf of the Board of Directors,



.....
Bernita Locke
President



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

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

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

**2 MUSGRAVE AVENUE
KINGSTON 10**

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

E-mail: dcfs@cwjamaica.com

S1

R467/-557/07/14

July 9, 2014

The Secretary
Insurance Employees Co-operative Credit Union Limited
27 Parkington Plaza
KINGSTON 10

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2013.

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

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

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

Yours sincerely,

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

LE/kd

FINANCIAL STATEMENTS

.....
FOR THE YEAR ENDED DECEMBER 31, 2013



Mair Russell Grant Thornton

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Jamaica, West Indies

To the Registrar of Co-operative Societies
Re: The Insurance Employees Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Financial Statements

We have audited the accompanying financial statements of The Insurance Employees Co-operative Credit Union Limited, which comprise the statement of financial position as at December 31, 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



To the Registrar of Co-operative Societies
Re: The Insurance Employees Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Auditors' Responsibility (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Insurance Employees Co-operative Credit Union as at December 31, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Co-operative Societies Act.

Report on Additional Requirements of the Co-operative 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, and the financial statements are in agreement with the accounting records, and give the information required by the Co-operative Societies Act.

Kingston, Jamaica

July 9, 2014

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

as at December 31, 2013

	Note	2013 \$	2012 \$
Assets			
Non-current assets			
Earning			
Loans, after provision for loan impairment	(5)	898,459,071	935,032,393
Financial investments	(6)	68,410,530	67,657,254
		<u>966,869,601</u>	<u>1,002,689,647</u>
Non-earning			
Property, plant and equipment	(7)	21,169,735	20,266,080
Intangible assets	(8)	-	246,198
		<u>21,169,735</u>	<u>20,512,278</u>
Total non-current assets		<u>988,039,336</u>	<u>1,023,201,925</u>
Current assets			
Earning			
Loans, after provision for loan impairment	(5)	85,700,131	78,138,072
Liquid assets	(9)	120,178,524	99,536,254
Financial investments	(6)	193,382,237	155,485,750
Bank and cash balances	(10)	2,518,259	2,327,560
		<u>401,779,151</u>	<u>335,487,636</u>
Non-earning			
Accounts receivable	(11)	43,272,720	46,242,561
Bank and cash balances	(10)	51,479,123	42,097,411
		<u>94,751,843</u>	<u>88,339,972</u>
Total current assets		<u>496,530,994</u>	<u>423,827,608</u>
Total assets		<u>1,484,570,330</u>	<u>1,447,029,533</u>

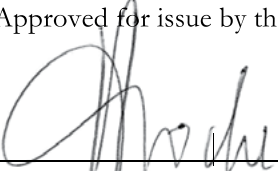
STATEMENT OF FINANCIAL POSITION

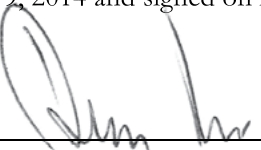
as at December 31, 2013

	Note	2013 \$	2012 \$
Capital and liabilities			
Capital and reserves			
Institutional capital	(12)	147,555,455	144,029,285
Non-institutional capital	(13)	205,472,560	213,102,705
Undistributed surplus		20,086,695	6,110,835
Total capital and reserves		373,114,710	363,242,825
Liabilities			
Non-current liabilities			
Interest bearing			
Members voluntary shares	(14)	576,858,568	569,369,673
Loans	(15)	73,000,000	73,000,000
Total non-current liabilities		649,858,568	642,369,673
Current liabilities			
Interest bearing			
Savings deposits	(16)	439,921,501	419,894,614
		439,921,501	419,894,614
Non-interest bearing			
Accounts payable	(17)	21,675,551	21,522,421
		21,675,551	21,522,421
Total current liabilities		461,597,052	441,417,035
Total liabilities		1,111,455,620	1,083,786,708
Total capital and liabilities		1,484,570,330	1,447,029,533

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

Approved for issue by the Board of Directors on July 9, 2014 and signed on its behalf by:


 _____) President
Bernita Locke


 _____) Treasurer
Derrick Logan

STATEMENT OF PROFIT OR LOSS

For The Year Ended December 31, 2013

	Note	2013 \$	2012 \$
Interest income			
Members' loans	(18)	138,844,812	135,340,313
Liquid assets	(19)	6,275,846	4,646,961
Investments	(20)	14,560,233	14,144,389
		159,680,891	154,131,663
Interest expense and dividends			
Interest on members' savings and deposits	(21)	28,688,871	28,444,534
Interest paid on members' voluntary shares	(22)	10,484,797	8,859,485
Other financial costs	(23)	5,871,178	5,029,191
		45,044,846	42,333,210
Net interest income		114,636,045	111,798,453
Increase in provision for loan losses		(4,503,559)	(22,275,729)
Net interest income after provision		110,132,486	89,522,724
Non-interest income			
Dividends		475,665	414,968
Investment property income		2,531,366	2,006,999
Miscellaneous	(24)	9,502,605	8,436,102
Loss on Global Fund		(904,429)	(1,249,803)
		11,605,207	9,608,266
Gross margin		121,737,693	99,130,990
Less: Operating expenses	(25)	104,267,869	107,517,176
Surplus/(deficit) for the year before honorarium		17,469,824	(8,386,186)
Less: Payment of honorarium		-	1,108,000
Surplus/(deficit) for the year		17,469,824	(9,494,186)

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

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2013

	Note	2013 \$	Restated 2012 \$
Surplus/(deficit) for the year (page 5)		<u>17,469,824</u>	<u>(9,494,186)</u>
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on pension fund on wind-up	(30)	978,474	-
Distribution of pension fund surplus on wind-up of fund	(30)	(3,175,361)	-
Irrecoverable costs related to merger		(5,421,784)	-
Other comprehensive loss for the year		<u>(7,618,671)</u>	-
Total comprehensive income/(loss) for the year		<u>9,851,153</u>	<u>(9,494,186)</u>

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

STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2013

	Institutional Capital					Total	
	Permanent Share Capital and Reserve	Statutory Reserve	Liquidity Reserve	Institutional Capital	Non-Institutional Capital		Undistributed surplus
	\$	\$	\$	\$	\$	\$	
Balance at December 31, 2011	14,204,939	126,321,366	3,500,000	144,026,305	196,323,862	32,196,576	372,546,743
Deficit for the year being total comprehensive loss	-	-	-	-	-	(9,494,186)	(9,494,186)
Entrance fees	-	2,980	-	2,980	-	-	2,980
Transfer fund reserve	-	-	-	99,895	-	(99,895)	-
General reserve	-	-	-	-	17,907,038	(17,907,038)	-
Transfer of surplus arising from prior year merger	-	-	-	-	-	2,415,378	2,415,378
Loan loss reserve	-	-	-	-	(1,228,090)	-	(1,228,090)
Dividends on permanent shares	-	-	-	-	-	(1,000,000)	(1,000,000)
	-	2,980	-	2,980	16,778,843	(16,591,555)	190,268
Balance at December 31, 2012	14,204,939	126,324,346	3,500,000	144,029,285	213,102,705	6,110,835	363,242,825
Surplus for the year being total comprehensive profit	-	-	-	-	-	17,469,824	17,469,824
Statutory transfer – 20% of surplus for the year	-	3,493,964	-	3,493,964	-	(3,493,964)	-
Entrance fees	-	1,730	-	1,730	-	-	1,730
Transfer fund reserve	30,476	-	-	30,476	(11,474)	-	19,002
Transfer of deficit arising from prior year merger	-	-	-	-	(5,421,784)	-	(5,421,784)
Net pension fund distribution wind-up	-	-	-	-	(2,196,887)	-	(2,196,887)
Transfer from institutional capital	-	3,500,000	(3,500,000)	-	-	-	-
	30,476	6,995,694	(3,500,000)	26,170	(7,630,145)	13,975,860	9,871,885
Balance at December 31, 2013	14,235,415	133,320,040	-	147,555,455	205,472,560	20,086,695	373,114,710

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

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2013

	2013 \$	2012 \$
Cash flows from operating activities:		
Surplus/(deficit) for the year	17,469,824	(9,494,186)
Adjustments for:		
Depreciation	1,500,294	2,142,914
Amortisation	246,198	61,548
Interest income	(159,680,891)	(154,131,663)
Net pension fund distribution	(2,196,887)	-
Merger costs written-off	(5,421,784)	-
Changes in operating assets and liabilities		
Accounts receivable	3,157,594	1,693,874
Accounts payable	153,130	15,414,690
Loans to members	29,011,263	(38,462,768)
Financial investments	(38,649,763)	486,726
	<u>(154,411,022)</u>	<u>(182,288,865)</u>
Interest received	159,493,138	153,738,477
Net cash provided by/(used in) operating activities	<u>5,082,116</u>	<u>(28,550,388)</u>
Cash flows from investing activities:		
Additions to property and equipment	(2,403,949)	(3,014,969)
Net cash used in investing activities	<u>(2,403,949)</u>	<u>(3,014,969)</u>
Cash flows from financing activities:		
Members voluntary shares	7,488,895	26,244,923
Building Society Co-operative	-	2,415,378
Entrance fees	1,730	2,980
Savings deposits	20,026,887	49,562,435
Dividends paid on permanent shares	-	(1,000,000)
Loan loss reserve	-	(1,228,090)
Loan repayment	-	10,000,000
Fund reserve	19,002	-
Net cash provided by financing activities	<u>27,536,514</u>	<u>85,997,626</u>
Net increase in liquid assets	<u>30,214,681</u>	<u>54,432,269</u>
Liquid assets at beginning of year	<u>143,961,225</u>	<u>89,528,956</u>
Liquid assets at end of year	<u>174,175,906</u>	<u>143,961,225</u>
Liquid assets at end of year represented by:		
Liquid assets – earning (Note 9)	120,178,524	99,536,254
Bank balances (Note 10)	53,997,382	44,424,971
	<u>174,175,906</u>	<u>143,961,225</u>

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

1. Identification and activities

The Insurance Employees Co-operative Credit Union Limited is a Co-operative Society registered under the Co-operative Societies Act. Membership is restricted to present and past employees of Life, Health and General Insurance and their related companies, Building Societies along with their extended families. The Credit Union's operations are concentrated in the parishes of St. Andrew and St. James. The registered office and principal place of business is located at 27 Parkington Plaza, Kingston 10. Effective October 1, 2012, the Credit Union merged with the Building Societies Co-operative Credit Union Limited. (Note 1(b)).

The main objectives of the Credit Union are to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident and productive purposes at reasonable rates of interest.

The Credit Union is a member of the Jamaica Co-operative Credit Union League Limited (JCCUL) or "the League" which provides financial services, technical support and sets prudential standards for the Credit Unions.

2. Regulation

The Co-operative Societies Act which requires, amongst other provisions, that at least twenty percent (20%) of the net surplus of the Credit Union be transferred to a reserve fund each year. Section 59 of the Act provides for the exemption from income tax and stamp duty for the Credit Union.

3. Adoption of new and revised standards

i Standards, amendments and interpretations effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Credit Union has assessed the relevance of all such new standards, interpretations and amendments, and has adopted the following, which are immediately relevant to its operations.

Amendment to LAS 1, 'Presentation of financial statements'

(effective for annual periods beginning on or after 1 July 2012). The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property, plant and equipment will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment had no impact on the Credit Union's financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

IFRS 13 'Fair Value Measurement' (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Credit Union has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7 'Financial Instruments: Disclosures'. The Credit Union has applied IFRS 13 for the first time in the current year, see Note 28.

Amendments to IAS 19 'Employee Benefits' (IAS 19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income.
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability.
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

The changes to IAS 19 had no impact on the Credit Union's financial statements.

Certain other new standards, amendments and interpretations to existing standards have been issued but did not to have a material impact on the company's financial statements.

These are:

<u>Title</u>	<u>Full title of Standard or Interpretation</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Credit Union

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Credit Union.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Credit Union's financial statements is provided below.

IFRS 9 'Financial Instrument' (IFRS 9)

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Credit Union's management have yet to assess the impact of this new standard in the Credit Union's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Credit Union's financial statements.

4. Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of the financial statements are summarised below and have been consistently applied for all the years presented:

a Basis of preparation

i Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Co-operative Societies Act.

ii Measurement bases

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

b Property, plant and equipment

(i) Carrying value

Property, plant and equipment is carried at acquisition cost less accumulated depreciation and impairment.

(ii) Depreciation is charged on assets from the date of acquisition.

Depreciation is provided on the straight line and reducing balance basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives are:

Building	40 years
Furniture and equipment	5 - 10 years
Computers and other office equipment	3 - 5 years

Land is not depreciated.

(iii) Repairs and renewals

The costs of repairs and renewals which do not increase the expected useful lives of assets or enhance their carrying value, are charged to the Revenue and Expenditure Statement when incurred.

c Intangible asset – computer software

Computer software are capitalised on the basis of the costs incurred to acquire and install the specific software.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 2p. The useful lives approximate to four (4) years. The initial amortisation period will commence in the year following capitalisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

d Revenue

Interest income earned from loans, investments, fees and commissions are recorded on the accrual basis. Rental income is treated on the cash basis.

e Investments

- (i) The Credit Union has classified its investment securities as available-for-sale assets. Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity, statutory obligations or changes in interest rates or exchange rates are classified as available-for-sale.

Available-for-sale instruments include non derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial instruments.

- (ii) Investment securities are initially recognised at cost. Available-for-sale financial assets are subsequently remeasured at fair value based on amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities are recognised in equity.

Gains and losses arising from securities are recognised in the Revenue and Expenditure Statement when they are sold or when the investment is impaired.

f Financial instruments

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income', 'finance costs' or 'other financial items', except for impairment of trade receivables which is presented within 'other operating expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Credit Union's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognized when there is an indication that the debt is impaired. Impairment of trade receivables are presented within 'other operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Credit Union has the intention and ability to hold them until maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Credit Union's available-for-sale financial assets include term deposits and unquoted shares at cost.

Financial liabilities

The Credit Union's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item. The fair value of the Credit Union's investment is disclosed in Note 7.

g Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

Foreign currency translations and balances

- (i) Foreign currency balances at the date of the statement of financial position have been translated at rates of exchange ruling at that date;
- (ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions;
- (iii) Gains/losses arising from fluctuations in exchange rates are included in the statement of comprehensive income.

h Statutory reserve

The Co-operative Societies Act requires the Society to set aside at least twenty percent (20%) of its net surplus of income over expenditure to a reserve each year. This reserve is not distributable by way of dividends.

i Institutional capital

Institutional capital includes the statutory reserve fund. Institutional capital is not available for distribution.

j League fees and stabilisation dues

The Credit Union is required to pay league fees of .25% of total assets and stabilisation dues of .35% of total savings to the Jamaica Co-operative Credit Union League.

k Originated loans and provision for loan impairment

Loans are stated net of any unearned income and of an allowance for delinquent loans.

Loans are recognised when cash is advanced to borrowers. They are originally recorded at cost, which is the cash given to originate the loan including any transaction costs.

A provision for loan loss is established if there is objective evidence that the Credit Union will not be able to collect all amounts due according to the contractual terms of the loans. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral discounted based on the interest rate at inspection.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrower operates. When a loan is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the bad and doubtful debt expense in the Revenue and Expenditure Statement.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited back to the provision for loan loss expense.

l Borrowing costs

Borrowing costs are recognised in the statement for all interest-bearing instruments in the period in which they are incurred by reference of the principal outstanding, and at the effective interest rate applicable.

m Receivables

Receivables are carried at anticipated realisable values. An estimate is made for doubtful receivables based on all outstanding amounts at year-end. Bad debts are written off in the year which they are identified.

n Pension obligations

Pension contributions are in respect of defined contribution plans and are expensed as they fall due.

o Impairment

The Credit Union's property and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

p Comparative information

Certain prior year figures have been restated to conform to current year presentation.

5. Loans to members – Net of provisions

(a) Loans comprise:

	2013 \$	2012 \$
Balance at beginning of year	1,068,486,002	1,007,746,327
Add: Loans granted	262,484,724	309,788,924
	<u>1,330,970,726</u>	<u>1,317,535,251</u>
Less: Repayment and transfers	(307,639,527)	(249,049,249)
	<u>1,023,331,199</u>	<u>1,068,486,002</u>
Less: Current portion	(85,700,131)	(78,138,072)
	<u>937,631,068</u>	<u>990,347,930</u>
Less: Allowance for loan losses	(39,171,997)	(55,315,537)
Total	<u><u>898,459,071</u></u>	<u><u>935,032,393</u></u>

(b) Delinquent loans

At December 31, 2013, there were three hundred and twenty-five (325) (2012 – four hundred ninety-six (496)) delinquent loans aged one month and over. These loans are summarised as follows:

Months in Arrears	Total Number of Loans \$	Total Delinquent Loans \$	PEARLS Provision \$	Percentage %
Less than 2	113	29,065,244	-	-
2 - 3	38	11,192,730	1,119,273	10
3 - 6	48	23,384,361	7,015,308	30
6 - 12	48	19,083,733	11,450,240	60
Over 12	82	19,587,176	19,587,176	100
Total	<u><u>329</u></u>	<u><u>102,313,244</u></u>	<u><u>39,171,997</u></u>	

(c) Provision for loan impairment:

	2013 \$	2012 \$
Provision at beginning of year	55,315,537	33,038,630
Provided during the year - IFRS	8,229,831	22,276,907
Bad debts written off	(24,373,371)	-
Provision for impairment at end of year	<u><u>39,171,997</u></u>	<u><u>55,315,537</u></u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

(d) Net movement on loan impairment provision:

	2013	2012
	\$	\$
Provided during the year - IFRS	8,229,831	22,276,907
Bad debt recovered	(3,726,272)	(1,178)
Charged to income and expenditure account during the year	4,503,559	22,275,729

(e) Renegotiated loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is rest to a normal status and managed together with other similar accounts.

Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

As at December 31, 2013, there were no renegotiated loans, (2012 - \$10,173,839.65).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

6. Financial investments

	Remaining to Maturity						Carrying Value	
	Within Three Months \$	One to Five Years \$	Over Five Years \$	Carrying Values 2013		2012		
				Current \$	Non-Current \$	Current \$	Non-Current \$	
Available-for-sale Investments:								
Government of Jamaica Securities	-	56,035,000	-	-	56,035,000	-	56,035,000	
Proven Wealth Limited	20,933,068	-	-	20,933,068	-	15,387,878	-	
JMMB	42,704,962	-	-	42,704,962	-	18,839,313	-	
First Caribbean Securities	47,032,875	-	-	47,032,875	-	30,234,000	-	
Victoria Mutual Building Society - Cumbo Investment	6,924,912	-	-	6,924,912	-	6,520,654	-	
Scotia Investments	4,903,398	-	-	4,903,398	-	3,955,906	-	
NCB Capital Markets	27,118,610	-	-	27,118,610	-	30,773,267	-	
Sagicor Investments	43,764,412	-	-	43,764,412	-	49,774,732	-	
Securities Available-for-sale:								
GOJ Global fund	-	-	5,128,948	-	5,128,948	-	4,516,219	
Unquoted shares at cost:								
Unlisted – JCCUL	-	-	5,373,303	-	-	-	5,232,756	
Shares Quality Network Co-operative Credit Union Limited	-	-	1,873,279	-	1,873,279	-	1,873,279	
Total	193,382,237	56,035,000	12,375,530	193,382,237	68,410,530	155,485,750	67,657,254	

Financial investments at December 31, 2013 have been classified as available-for-sale as they are either designated in this category or do not qualify for inclusion in any other category.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

7. Property, plant and equipment

The carrying amounts for equipment for the years included in these financial statements as at December 31, 2013 can be analysed as follows:

	Land and Building \$	Furniture and Fixtures \$	Office Equipment \$	Computer \$	Total \$
Gross carrying amount					
Balance at December 31, 2012	12,970,296	3,770,110	8,666,609	9,553,791	34,960,806
Additions	-	-	1,638,084	765,865	2,403,949
Balance at December 31, 2013	12,970,296	3,770,110	10,304,693	10,319,656	37,364,755
Depreciation					
Balance at December 31, 2012	(2,293,592)	(1,949,100)	(4,890,623)	(5,561,411)	(14,694,726)
Depreciation	(171,002)	(169,321)	(607,430)	(552,541)	(1,500,294)
Balance at December 31, 2013	(2,464,594)	(2,118,421)	(5,498,053)	(6,113,952)	(16,195,020)
Carrying amount at December 31, 2013	10,505,702	1,651,689	4,806,640	4,205,704	21,169,735
	Land and Building \$	Furniture and Fixtures \$	Office Equipment \$	Computer \$	Total \$
Gross carrying amount					
Balance at December 31, 2011	11,529,775	3,647,716	7,856,946	8,911,400	31,945,837
Additions	1,440,521	122,394	809,663	642,391	3,014,969
Balance at December 31, 2012	12,970,296	3,770,110	8,666,609	9,553,791	34,960,806
Depreciation					
Balance at December 31, 2011	(2,019,830)	(1,766,394)	(4,100,398)	(4,665,190)	(12,551,812)
Depreciation	(273,762)	(182,706)	(790,225)	(896,221)	(2,142,914)
Balance at December 31, 2012	(2,293,592)	(1,949,100)	(4,890,623)	(5,561,411)	(14,694,726)
Carrying amount at December 31, 2012	10,676,704	1,821,010	3,775,986	3,992,380	20,266,080

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

8. Intangible assets

	Software \$	Total \$
Gross carrying amount	1,301,917	1,301,917
Balance at December 31, 2013	1,301,917	1,301,917
Amortisation and impairment		
December 31, 2012	(1,055,719)	(1,055,719)
Amortisation	(246,198)	(246,198)
Balance at December 31, 2013	(1,301,917)	(1,301,917)
Carrying amounts at December 31, 2013	-	-
	Software	Total
	\$	\$
Gross carrying amount		
December 31, 2011	1,301,917	1,301,917
Balance at December 31, 2012	1,301,917	1,301,917
Amortisation and impairment		
December 31, 2011	(994,171)	(994,171)
Amortisation	(61,548)	(61,548)
Balance at December 31, 2012	(1,055,719)	(1,055,719)
Carrying amounts at December 31, 2012	246,198	246,198

9. Liquid assets

	Remaining to Maturity			
	Within Three Months \$	Three to Twelve Months \$	Fair Values 2013 \$	Fair Values 2012 \$
JCCUL – Certificates of Deposits	93,938,343	-	93,938,343	66,171,330
Scotia DBG – Investment	247,617	-	247,617	6,701,485
JCCUL – Cu-Cash Deposits	25,992,564	-	25,992,564	26,663,439
Total	120,178,524	-	120,178,524	99,536,254

10. Bank and cash balances

	2013 \$	2012 \$
Earning assets		
Foreign exchange account - NCB	42,774	37,744
Foreign exchange - BNS	2,475,485	2,289,816
	2,518,259	2,327,560
Non-earning assets		
Petty cash	3,000	820
Cash in hand	49,212	38,229
Current account - First Caribbean International Bank	1,282,109	1,748,946
Current account - BNS	24,692,440	22,363,873
Current account - NCB	11,674,930	4,504,002
Current account - Pan Caribbean Merchant Bank	917,980	2,717,506
Current account - JNBS	9,990,110	6,996,178
Current account - VMBS	1,736,568	3,727,857
Current account - RBC	1,132,774	-
Total	51,479,123	42,097,411

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

11. Accounts receivable

	2013	2012
	\$	\$
Interest receivable	3,290,174	3,102,421
Due from members	5,906,384	9,889,561
Other receivables	34,076,162	33,250,579
Total	43,272,720	46,242,561

All amounts are short-term and the carrying value is considered as reasonable approximation of fair value.

12. Institutional capital

	2013	2012
	\$	\$
Permanent shares	2,845,639	2,853,972
Permanent shares reserve	11,389,776	11,370,967
Statutory reserve	133,320,040	126,324,346
Liquidity reserve (transferred to statutory reserve)	-	3,500,000
Total	147,555,455	144,029,285

13. Non-Institutional capital

	2013	2012
	\$	\$
Special reserve	15,691,782	15,691,782
Capital reserve (Note a)	3,000,000	3,000,000
Gain on investment	970,769	970,769
General reserve	176,322,916	183,941,587
Share Fund transfer reserve (Note b)	391,419	402,893
Mortgage fund reserve (Note c)	8,398,964	8,398,964
Special reserve	24,639	24,639
Hurricane relief	1,492	1,492
Bad debt	70,579	70,579
Building development fund reserve	600,000	600,000
Total	205,472,560	213,102,705

- (a) Capital reserve - This represents amount set aside to offset capital expenditure.
- (b) Share fund transfer reserve - This reserve was set aside for the purpose of purchasing Permanent shares from resigning and deceased members beneficiaries.
- (c) Mortgage fund reserve - This represents allocation of undistributed surplus to accommodate mortgage loans.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

14. Members' voluntary shares

	2013	2012
	\$	\$
Balance at beginning of year	569,369,673	542,707,100
Add: Amount subscribed	41,341,026	84,116,809
	610,710,699	626,823,909
Less: Withdrawals and transfers	(33,852,131)	(57,454,236)
Balance at end of year	576,858,568	569,369,673

15. Loans comprise

	2013	2012
	\$	\$
(a) Sagicor Life Jamaica	48,000,000	48,000,000
(b) Guardian Life	25,000,000	25,000,000
Total	73,000,000	73,000,000

- (a) This represents a Promissory Note from Sagicor Life Jamaica Limited to facilitate the outsourcing and administration of Sagicor Life Jamaica staff loans.

The loan bears interest rate of four per cent (4%) per annum, interest is payable semi-annually in arrears.

- (b) This represents a Promissory Note from Guardian Life Limited to facilitate the outsourcing and administration of Guardian Life staff loans. The loan bears interest rate of four per cent (4%) per annum and is repayable August 18, 2015 by a single bullet payment.

The loan is secured by:

- Letter of Hypothecation from the Jamaica Co-operative Credit Union League for \$12,250,000.
- Letter of Hypothecation from NCB Capital Markets for \$18,151,000.

16. Savings deposit**Remaining to Maturity**

	Within Three Months \$	Three to Twelve Months \$	Carrying Value 2013 \$	Carrying Value 2012 \$
Term deposits	147,107,940	118,044,262	265,152,202	285,342,074
Regular deposits	167,337,523	-	167,337,523	121,039,005
	314,445,463	118,044,262	432,489,725	406,381,079
Interest accrued on members deposits	7,431,776	-	7,431,776	13,513,535
Total	321,877,239	118,044,262	439,921,501	419,894,614

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

17. Accounts payables

	2013	2012
	\$	\$
Other payables	18,474,062	14,383,650
Accruals	3,201,489	7,138,771
Total	21,675,551	21,522,421

18. Interest on members' loans

	2013	2012
	\$	\$
Interest on other loans to members	124,651,440	117,541,015
Interest on ordinary loans to members	14,193,372	17,799,298
Total	138,844,812	135,340,313

19. Interest from liquid assets

	2013	2012
	\$	\$
Scotia Investments	97,089	182,424
JCCUL - Certificate of deposits	4,203,184	2,981,606
JCCUL - Cu cash deposits	909,460	947,653
Current account	48,070	202,116
Savings account	1,018,043	333,162
Total	6,275,846	4,646,961

20. Interest from investments

	2013	2012
	\$	\$
Government of Jamaica Securities	4,806,288	5,149,167
Proven Wealth Management Investment	836,936	1,185,120
JMMB	1,433,197	996,113
First Caribbean Securities Investment	2,354,049	2,811,388
NCB Capital Markets	1,787,702	1,601,312
Sagicor Investments	2,516,378	2,327,896
VMBS – CUMBO funds	212,819	-
Global Fund	612,864	73,393
Total	14,560,233	14,144,389

21. Savings deposits

	2013	2012
	\$	\$
Interest expense	28,688,871	28,444,534
Total	28,688,871	28,444,534

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

22. Interest and dividend paid on members' shares

	2013	2012
	\$	\$
Interest paid on voluntary shares	10,484,797	8,859,485
Total	10,484,797	8,859,485

The Board proposed and the members ratified the payment of dividends amounting to \$1,000,000 on permanent shares.

23. Other financial costs

	2013	2012
	\$	\$
Bank charges	2,540,904	2,112,973
Interest on loans	3,330,274	2,916,218
Total	5,871,178	5,029,191

24. Miscellaneous income

	2013	2012
	\$	\$
Commission and fees	684,438	230,563
Bill of sale	251,295	182,006
Discount cards	14,917	28,461
Service charge	6,084,738	4,944,085
Other	2,467,217	3,050,987
Total	9,502,605	8,436,102

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

25. Operating expenses

	2013 \$	2012 \$
Staff costs		
Salaries and allowances	54,851,244	53,188,469
Staff training and education	523,300	451,256
Staff travel	187,101	375,111
	<u>55,561,645</u>	<u>54,014,836</u>
Administrative		
Utilities	4,717,057	4,573,819
Depreciation	1,500,294	2,142,914
Amortisation	246,198	61,548
Audit and supervision	1,299,996	1,299,996
Repairs and maintenance	758,234	389,155
Security and messenger service	1,282,418	1,379,555
Telecommunication	3,066,516	2,775,929
Insurance premiums	4,383,462	4,507,702
Legal fees	850,977	551,774
Computer repairs and maintenance	4,076,066	6,559,807
Donation	89,721	73,350
Subscription and office expenses	6,378,663	6,044,671
Committee meetings	2,241,338	1,970,603
Annual general meeting expenses	2,268,001	2,492,807
F.I.P expenses	613,187	576,417
	<u>33,772,128</u>	<u>35,400,047</u>
Marketing and promotions		
Publicity	1,873,158	3,788,135
Public relations	713,952	359,488
	<u>2,587,110</u>	<u>4,147,623</u>
Representation and affiliation		
League and other dues	2,894,059	3,046,816
Seminars and meetings	1,296,529	1,397,690
Stabilisation dues	3,366,485	3,195,638
	<u>7,557,073</u>	<u>7,640,144</u>
Property		
Insurance	1,329,151	1,193,657
Security	1,311,887	2,234,339
Repairs and maintenance	539,107	934,117
Rates and taxes	386,125	541,986
Office rental	1,223,643	1,410,427
	<u>4,789,913</u>	<u>6,314,526</u>
Total operating expenses	<u>104,267,869</u>	<u>107,517,176</u>

26. Risk management policies

The Credit Union's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Credit Union seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign currency risk

The Credit Union is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US\$) the company however, maintains US\$ bank accounts in an attempt to minimise this risk.

At the date of the statement of financial position there were net assets of approximately US\$113,972 (2012 – US\$116,163) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2013	2012
	US\$	US\$
Financial assets		
- Financial investment	94,324	91,128
- Cash and cash equivalents	19,648	25,036
Total	113,972	116,163

The above assets are receivable in United States Dollars (US\$). The exchange rate applicable at the date of the statement of financial position is J\$106.35 to US\$1 (2012 - J\$92.97 to US\$1).

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year end and equity in regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollars are considered, as these are the two major currencies of the company.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

It assumes a +/-10% change of JA\$/US\$ at year end with all other variables held constant. The sensitivity analysis is based on the company's Jamaican dollar financial instruments at the date of the statement of financial position.

If the JA Dollar weakens against the US Dollar by 10% this would have the following impact.

	2013	2012
	\$	\$
Effect on net results and equity	1,212,386	1,079,969

If the JA Dollar strengthened by 5% against the US Dollar then this would have the following impact:

	2013	2012
	\$	\$
Effect on net results and equity	(606,198)	(466,806)

This is assuming that all other variables remain constant.

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Credit Union's cash and cash equivalents are subject to interest rate risk. However, the Credit Union attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The following table summarises the Credit Union's exposure to interest rate risk. It includes the Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual reprising or maturity dates:

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

ii Interest rate risk (cont'd):

2013

	Range of Interest Rate %	Immediately Rate Sensitive \$	Within Three Months \$	Three to Twelve Months \$	One to Five Years \$	Over Five Years \$	Total \$
Liquid assets							
Financial investments	3 - 5.45	-	120,178,524	-	-	-	120,178,524
Bank balances	4 - 12.6	-	193,382,237	-	56,035,000	12,375,530	261,792,767
	1 - 2	2,518,259	-	-	-	-	2,518,259
Total assets		2,518,259	313,560,761	-	56,035,000	12,375,530	384,489,550
Savings deposits	7-13	-	321,877,239	118,044,262	-	-	439,921,501
Total liabilities		-	321,877,239	118,044,262	-	-	439,921,501

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

ii Interest rate risk (cont'd):

2012

	Range of Interest Rate %	Immediately Rate Sensitive \$	Within Three Months \$	Three to Twelve Months \$	One to Five Years \$	Over Five Years \$	Total \$
Liquid assets	3 - 5.45	-	99,536,254	-	-	-	99,536,254
Financial investments	4 - 12.6	-	155,485,750	-	56,035,000	11,622,254	223,143,003
Bank balances	1 - 2	2,327,560	-	-	-	-	2,327,560
Total assets		2,327,560	255,022,004	-	56,035,000	11,622,254	325,006,817
Savings deposits	7-13	-	224,511,270	195,383,344	-	-	419,894,614
Total liabilities		-	224,511,270	195,383,344	-	-	419,894,614

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant on the Credit Union's income and expenditure and equity.

	Effect on Net Surplus for the Year	
	+2%	-1%
December 31, 2013	(1,108,639)	554,319
December 31, 2012	(1,897,254)	(948,878)

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Credit Union does not invest in financial instruments that are exposed to this risk.

b Credit risk

The Credit Union faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Credit Union. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable. The maximum credit risk faced by the Credit Union is the total of these balances reflected in the financial statements.

c Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting its commitments associated with financial liabilities.

The Credit Union manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The Credit Union maintains cash and short-term deposits for up to 30-day periods to meet its liquidity requirements.

As at December 31, 2013, the Credit Union's liabilities have contractual maturities which are summarised below:

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

c Liquidity risk (cont'd)

2013

	Within Three Months \$	Three to Twelve Months \$	Over One Year \$	No Specific Maturity \$	Total \$
Liquid assets	120,178,524	-	-	-	120,178,524
Financial investments	193,382,237	-	68,410,530	-	261,792,767
Loans receivable	-	85,700,131	898,459,071	-	984,159,202
Accounts receivable	3,290,174	39,982,546	-	-	43,272,720
Bank balances	53,997,382	-	-	-	53,997,382
Total assets	370,848,317	125,682,677	966,869,601	-	1,463,400,595
Savings deposits	321,877,239	118,044,262	-	-	439,921,501
Loans	-	-	73,000,000	-	73,000,000
Accounts payable	21,675,551	-	-	-	21,675,551
Members shares	-	-	-	576,858,568	576,858,568
Total liabilities	343,552,790	118,044,262	73,000,000	576,858,568	1,111,455,620

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

c Liquidity risk (cont'd)

2012

	Within Three Months \$	Three to Twelve Months \$	Over One Year \$	No Specific Maturity \$	Total \$
Liquid assets	99,536,254	-	-	-	99,536,254
Financial investments	155,485,750	-	67,657,254	-	223,143,004
Loans receivable	-	78,138,072	935,032,393	-	1,013,170,465
Accounts receivables	-	46,242,561	-	-	46,242,561
Bank balances	44,424,971	-	-	-	44,424,971
Total assets	299,446,975	124,380,633	1,002,689,647	-	1,426,517,255
Savings deposits	224,511,270	195,383,344	-	-	419,894,614
Loans	-	-	73,000,000	-	73,000,000
Accounts payable	-	-	-	21,940,071	21,940,071
Members shares	-	-	-	568,952,023	568,952,023
Total liabilities	224,511,270	195,383,344	73,000,000	590,892,094	1,083,786,708

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

27. Volunteers' balances

At December 31, 2013, fifteen (15) (December 31 2012, sixteen (16)) members of the Society's Board of Directors and Members had savings of \$9,000,656 (2012 - \$8,911,591) and loans including interest totalling \$26,218,095 (2012 - \$30,970,435).

Loans including interest due from members of staff totalled \$27,432,232 (2012 - \$16,254,990). During the year no Director or Committee Member received loans, which necessitated waiver of the loan policy. At December 31, 2013, there were two (2) (2012 - three (3)) members falling in the category of Directors, Committee Members and Staff with delinquent loans amounting to \$3,625,997 (2012 - \$14,021,964).

28. Comparison of ledger balances

	Members Voluntary Shares \$	Permanent Shares \$	Deposits \$	Loan \$
General ledgers	576,858,568	2,845,639	439,921,501	1,023,331,200
Personal ledgers	576,858,568	2,845,639	439,921,501	1,023,331,200
Ledger difference	-	-	-	-

29. Employee benefits

	2013 \$	2012 \$
Salaries and allowances	54,851,244	53,188,469
Staff training and welfare	523,300	451,256
Other personnel cost	187,101	375,111
Total	55,561,645	54,014,836

There were twenty-two (22) employees at the year-end; (2012 – twenty-three (23)).

30. Pension scheme

The Credit Union was a member of a group of employers participating in a defined benefit pension plan administered by Sagikor Life Jamaica. The plan was terminated during 2008 and the Credit Union was due a refund of \$2,183,000. An amount of \$3,175,361 was received in the current year and distributed to the members existing at the time of wind-up.

The Credit Union currently makes defined contributions to employees pension fund by contributing 5% of their salaries to their individual retirement accounts (IRAs).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

31. Summary of financial assets and liabilities by category

The carrying amount of the Credit Union's financial assets and liabilities are recognised at the date of the statement of financial position of the reporting periods may also be categorised as follows:

	2013	2012
	\$	\$
Current assets		
Loans and receivables (including cash and cash equivalents)		
Financial investment	261,579,948	223,143,003
Liquid assets	120,178,524	99,536,254
Loans to members	984,159,202	1,013,170,465
Trade and other receivables	43,272,720	46,242,561
Cash and bank balances	53,997,382	44,424,971
Total	1,463,187,776	1,426,517,255
Liabilities		
Financial liabilities measured at amortised cost		
Members voluntary shares	576,858,568	569,369,673
Loans	73,000,000	73,000,000
Savings deposit	439,921,501	419,894,614
Trade and other payables	21,675,551	21,522,421
Total	1,111,455,620	1,083,786,708

32. Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

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

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

December 31, 2013

Assets	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Government Securities (Note a)	-	254,333,366	-	254,333,366
Unquoted shares (Note b)	-	-	7,246,582	7,246,582
Total	-	254,333,366	7,246,582	261,579,948
Net fair value	-	254,333,366	7,246,582	261,579,948

NOTES TO THE FINANCIAL STATEMENTS CONT'D

For The Year Ended December 31, 2013

December 31, 2012

Assets	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Government Securities (Note a)	-	216,036,969	-	216,036,969
Unquoted shares (Note b)	-	-	7,106,035	7,106,035
Total	-	216,036,969	7,106,035	223,143,004
Net fair value	-	216,036,969	7,106,035	223,143,004

There has been no transfers between levels 1 and 2 in the reporting period.

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

(a) Government securities

The fair value of government securities are measured by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

(b) Unquoted shares

Unquoted equities are measured at historical cost less impairment, as their face values cannot be readily determined.

Level 3 fair value measurements

The company's measurement of financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	2013	2012
	\$	\$
Opening balance		
Gains or losses recognised in:	414,968	425,801
Profit or loss	60,698	(10,833)
Closing balance	475,666	414,968

Gains or losses on unquoted equities are presented in 'investment income'

Gains or losses recognised in profit or loss for the period are presented in 'investment income' and can be attributed as follows:

	2013	2012
	\$	\$
Assets held at the end of the reporting period	60,698	(10,833)
Total gains or losses	60,698	(10,833)

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in the profit or loss, total liabilities or total equity.

There has been no transfers between level 3 in the reporting periods under review.

33. Capital management, policies and procedures

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern in order to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. The Society defines its capital as members' share capital, institutional capital and non-institutional capital. Its dividend payout made is taking into account the maintenance of an adequate capital base.

The Society is required by the League to maintain its institutional capital at a minimum of 8% of its total assets. At the date of the statement of financial position this ratio was 10% (2012 - 10%) which is in compliance with the requirements.

There was no change to the Credit Union's approach to capital management during the year.

The Credit Union complied with all externally imposed capital requirements to which they were subjected.



Report of the Treasurer 2013



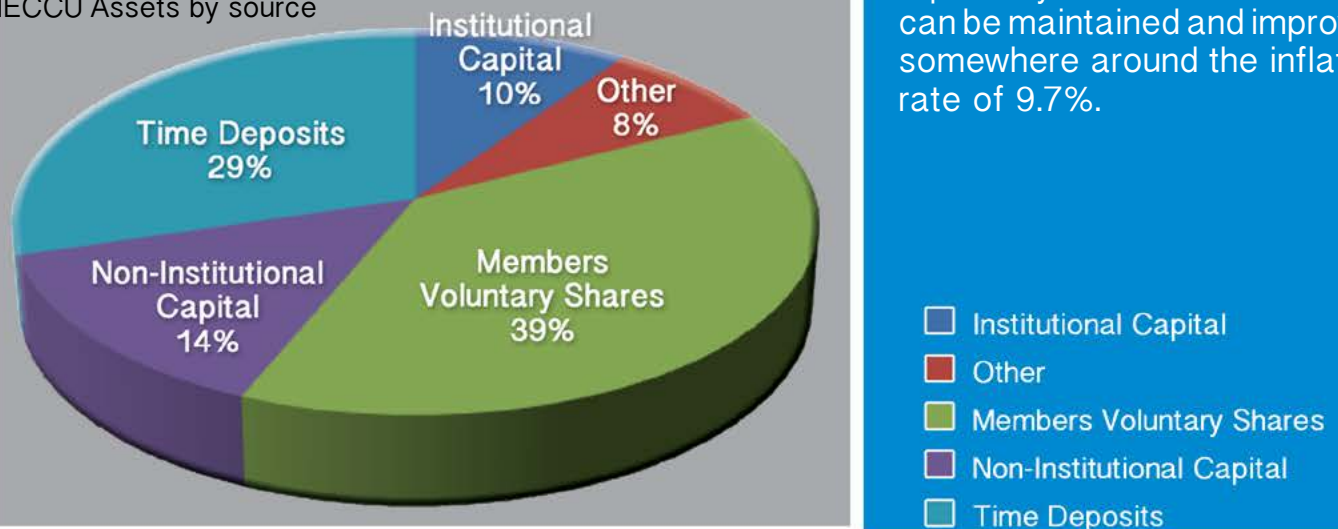
Treasurer,
Derrick Logan

We will recall our last report reflected some aspects of the challenges of the economy as bad debt provisions outstripped much of the surplus from our operations and we in fact reported a loss for the first time.

The year ending 2013 reflected the challenges inherent in the economy. Assets grew by 2.6% from \$1.45B to \$1.48B. This increase was driven by savings growth of 2.8%. This is explained by the difficulties members have in building savings and the tendency for many to seek out more risky instruments than the Credit Union is able to offer. Several members have expressed the interest in foreign instruments, bonds and stocks, currently outside of the realm of our offerings. At the same time many of our members do avail themselves of the attractive rates of return offered by the Credit Union, ranging from 2.25% to 6%.

Savings is an important part of the Credit Unions mix of funds for lending. The chart below shows that the source of leccu's assets and hence loanable funds, is largely comprised of members' savings, some 69% of the total. It is important that members take advantage of the safety and returns provided by the Credit Unions so that the repository of funds for lending can be maintained and improved somewhere around the inflation rate of 9.7%.

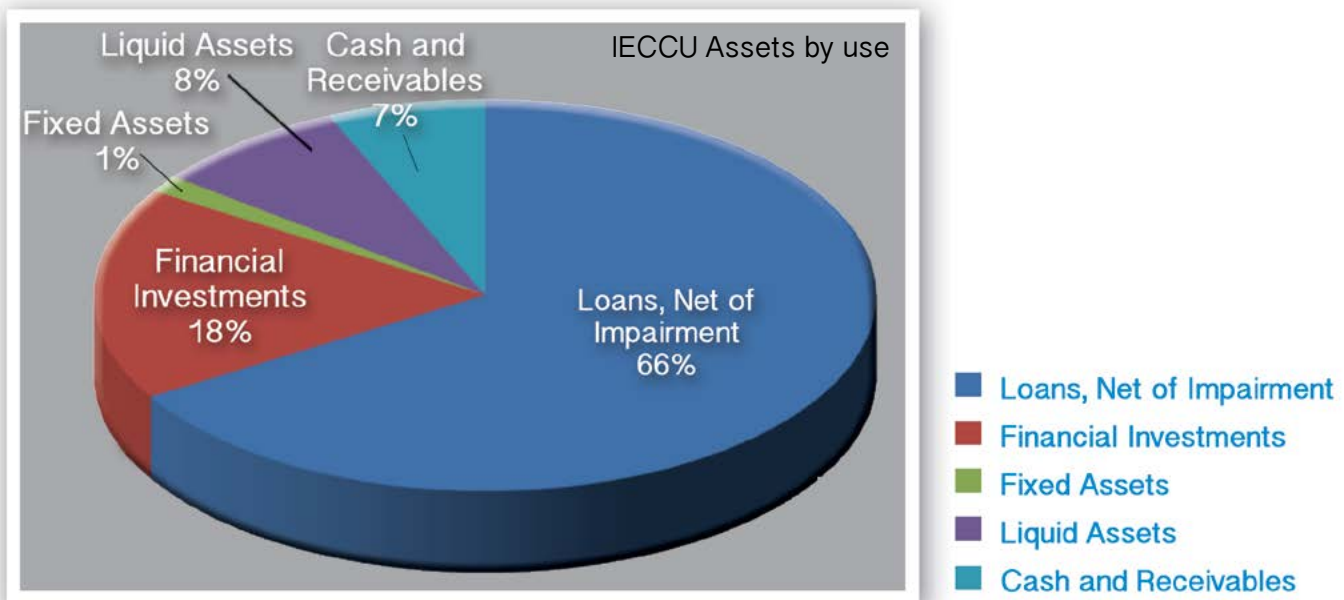
IECCU Assets by source



Report of the Treasurer Cont'd

It would be remiss not to highlight the Credit Union's capital and reserves of \$373M or 25% of assets, of which institutional capital is a healthy 10%. This has arisen from the years of prudence exercised by IECCU, well needed now in challenging times.

On the asset side, the use of deposits is demonstrated by the large sector representing loans in the chart below. At 66% we recognize that although we are compliant with the PEARLS standard, we are short of the our target of 70%. Whilst we have been doing our best to obtain the highest and safest returns on our earning assets, and minimizing non-earning to 8% of the total portfolio, we must do more to earn from our loans which is our main investment.



Our greatest concern arises from delinquency. We have worked tirelessly to reduce the delinquency ratio from the 13.5% that was reported last year. While our efforts were rewarded with a three percentage point decline to 10%, more must be done. We can report that we have increased the use of debt collection services by contracting International Asset Management Ltd. and Jamaica Collections and Recovery Services Ltd. We urge members whose circumstances have caused them to be contacted by either of these entities to work with them to bring the arrears to nil.

For the year ended 2012, we reported a deficit of \$9.4M. Through the reduction in the provision for bad debts, we were able to improve our fortunes and can report a surplus of \$17.4M for the year 2013. We cannot however, be comforted by this position. We are working hard to recover loans that are outstanding for several months. We urge you to discuss your situation with us so that we can assist as best as possible.

Your Credit Union has grappled with deciding what role non-interest income should play in increasing our options for additional income. The media is replete with discussion about fees, some explaining why they do, others pointing out where they don't charge fees. In most cases financial institutions are selective about how fees are charged, and are usually unable to avoid them altogether. Of the gross margin of \$121.7M only \$6M was earned as fee income, a

Report of the Treasurer Cont'd

mere 5%. We will continue to monitor our position and assess where service charges may be warranted. As usual, our members' welfare is paramount in our consideration.

Operating expenses declined moderately in 2013, largely because of challenges in filling certain vacancies. We recognize the importance of investing in employees. We should see an increase in some operating costs in 2014 as we strengthen key areas in member services, marketing, and systems processing. At the same time we have introduced the use of certain technologies to assist in serving members whilst controlling operating costs. Internet banking, debit card processing improvements, mobile phone technologies were already mentioned. Other ways of communicating with members and delivering information through electronic means are being developed.

The PEARLS ratios continues to be the financial measuring tool that the Jamaica Co-operative Credit Union League. The Credit Union's performance against the PEARLS Standard is set out below:

KEY RATIOS As At December 31, 2013			
Protection	STANDARD	2013	2012
Adequacy of ALL For Delinq. > 12 Mths.	100%	100%	100%
Net Capital /Asset	>8%	9.75	10.04%
Effective financial structure			
Net Loans / Total Assets	60-80%	66.61	70.68%
Total Savings / Total Assets	70-80%	67.90	68.08%
Asset quality			
Delinquent Loans / Gross Loans	<5%	10.00	13.52%
Total Non-Earning Assets / Total Assets	<7%	8%	6.76%
Rate of return & cost			
Cost Of Funds / Average Member Savings	>8%	4.38%	4.00%
Operating Expenses / Average Assets	<8%	8.80%	7.62%
Net Income / Average Assets	>2.3%	1.1%	-0.63%

Report of the Treasurer Cont'd

KEY RATIOS As At December 31, 2013 cont'd

Protection	STANDARD	2013	2012
Liquidity			
Liquid investments/ members savings	20-30%	30.00%	27.18%
Signs of growth			
Growth In Total Assets	>8%	2.1%	5.61%
Growth in Membership	>5%	6.52%	20.99%

INSURANCE

For the year, the Credit Union maintained fidelity, contents, cash on premises, building and Life Saving and Loan Protection coverage. These are important to ensure that assets are fully protected. We were able to minimize capital expenditure to software upgrade and equipment replacement. In future we will be looking at investment aimed at cost minimization.

CONCLUSION


We recognize the challenges we face as individuals and organizations are stern. However they are not beyond our collective ability to surpass. IECCU's objectives are not unlike those of each individual member. We must maximize earnings and minimize costs. However we have to manage the added challenge of knowing our members and assisting them in the best ways possible.

But it is also important that members return to embracing the Credit Union ethic and spirit of each helping the other. Whilst many of us can face the risk of delinquency, it is always best to demonstrate our intentions by dialogue, effort and fair engagement of the problem. Some persons feel that once the collateral is sold, the balance remaining is not their responsibility. Some persons expect that delinquency should be accepted at the norm in Jamaica and institutions should understand that. These attitudes should be put to rest.

Our achievements relied upon our dedicated management and staff and the numerous volunteers. On behalf of the members of the Board of IECCU, I salute you all. To my fellow Board members, I say well done, but let us do better in 2014.

I must also say thanks to our auditors Mair Russell Grant Thornton, the Registrar of Cooperative Societies, CMFG Life Insurance, and the Jamaica Co-operative Credit Union League for their professional assistance and guidance provided throughout the year.

The resolve of the IECCU remains that of serving our members in such a way that we help you to achieve the best goals for yourselves and your family.



Mr. Derrick Logan
Treasurer

Supervisory Committee



Supervisory Committee,
From Left to Right:

.....
**Neuton Nelson. Hyacinth Ennis
Leonie Emden. Macherie Hamilton, Cosmo Walker**

.....
Missing From Photo: Lochinvar Lungren & Hugh Meredith

Report of the Supervisory Committee 2013

At the Annual General Meeting held on May 28, 2013, seven persons were elected to serve on the Supervisory Committee. The committee convened meetings on ten occasions. Table 1 below lists the members and our attendance record for these meetings.

Members	Possible Meeting	Attended Meeting	Excused
Leonie Emden (Chairman)	10	9	1
Macherie Hamilton-Clarke (Secretary)	10	10	0
Hugh Meredith	10	9	1
Cosmo Walker	10	9	1
Neuton Nelson	10	8	2
Hyacinth Ennis	10	9	1
Lochinvar Lungren	10	6	4

AREAS REVIEWED

For the period under review, the Supervisory Committee focused on significant areas of concerns, which are listed below:

1. The Clareti System findings, as contained in the Symptai Report dated June 2013.
2. Bank of Jamaica Report findings on management compliance dated December 2013.
3. Findings and Recommendations tabled in the report from The Registrar of Cooperatives and Friendly Societies, dated November 2013.
4. Details within the Internal Audit Report on Human Resources Management, dated April 2014.
5. Findings and Recommendations in the Internal Audit Report, on Investments. This audit was conducted November 2013.

In addition to the Audits conducted by the JCCUL Auditors and inspections done by the Registrar of Cooperatives and Friendly Societies, the Committee reviewed the following areas of the Credit Union's operations:

- Issues relating to staff welfare,
- The process with respect to unsecured loan applications for volunteers,
- IECCU Compliance with respect to POCA and KYC requirements,

Report of the Supervisory Committee 2013

- Declined loans procedures,
- Audit of member's files to ensure compliance with regulatory requirements

FINDINGS

Operating System

The Symptai Report on the Clareti System was comprehensive and identified concerns with respect to the efficiency, vulnerability and adaptability of the system to serve the Credit Union's operations optimally. This was further confirmed in a meeting with a Representative of Symptai and the Supervisory Committee. To date, the Clareti system has yet to function at a level where it fulfills the requirements of the Credit Union.

However, the Board of Directors took the decision to implement changes recommended in the report, assess those that require customization and make a decision on the way forward by the end of June 2014, with a view that the Credit Union becomes fully efficient in this area of its operation. The unfulfilled promises of the Clareti System have a negative impact on staff morale and other areas of the Credit Union's operations. The Supervisory Committee awaits the Board's decision on the current status.

Bank of Jamaica

As it pertains to the Bank of Jamaica findings, the Supervisory Committee has seen evidence of the Management's compliance and commitment to correct most of the areas of concerns highlighted in the Bank's report. The exercise however, has to be ongoing until full compliance in all areas is achieved.

GENERAL OBSERVATIONS

During the period of review as it pertains to areas of Credit Union activities examined, there was evidence that corrective measures in some areas were taken. There were some areas however, where concerns raised in previous Audits/Inspections, have not been addressed as yet. It must be noted that in most instances where these lapses exist, the response of management when made aware, was immediate and positive.

ACKNOWLEDGEMENT

The Supervisory Committee wishes to take this opportunity to express our sincere appreciation to the members of the Credit Union for the confidence you have placed in us to serve you. We also wish to thank the members of The Board of Directors as well as other committees who from time to time provided us with assistance where necessary, the Management and staff, the Jamaica Credit Union League and their Internal Auditors, and the Office of the Registrar of Cooperatives and Friendly Societies. These last two entities provided invaluable advice and support to the Committee during our term of office.

I wish to thank as well, the members of the Supervisory Committee, for their time and commitment to be of service to the Committee, staff, volunteers and members at large.



.....
Leonie Emden
Chairman

Credit Committtee



Credit Committee,
From Left to Right:

.....
Vernon O' Sullivan. Paulette Small.
Uelma Nicholson. Ray Johnson.
.....

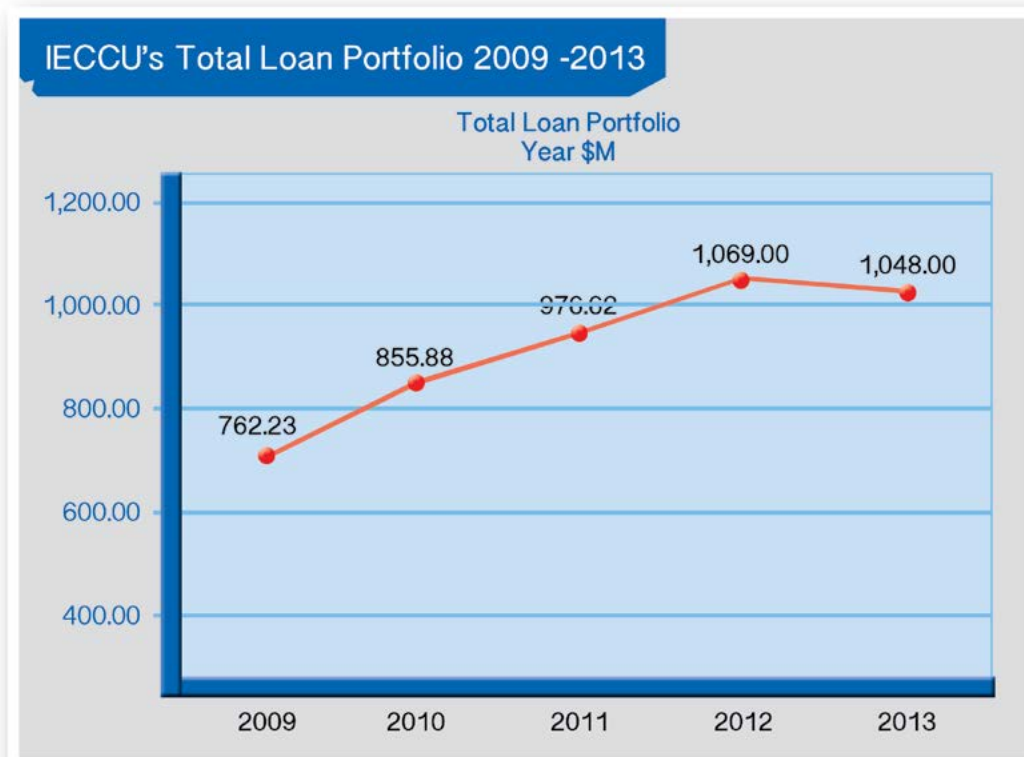
Missing From Photo: Huie Bernard. Cauline Haynes. Herbert Reid

Report of the Credit Committee 2013

The Insurance Employees Co-operative Credit Union weathered the year 2013 by making competitive offerings such as extending Loan terms up to eight (8) years for loans for new vehicles. Additionally, loan rates were revised to as low as nine percent (9%) per annum on the reducing balance for loan within shares and new vehicle loans. As in previous years, there was a high demand for educational loans and unsecured loans. To this end, the Payroll 24 Loan was merged with the Unsecured Educational loan to offer a maximum amount of \$300,000 at a decreased Rate of eighteen (18%) per annum reducing balance with special conditions.

Of course all loans are calculated on the reducing balance. It is important to mention this often overlooked detail as several competing lenders in the market quote what seems to be lower lending rates but because they are calculated with “added-on” interest, the real cost of the loan is much higher. Several of our members have fallen victim to this situation and we urge you to be wary in your enquiries. We are ready to assist in ensuring you are not misled.

Members mainly borrowed for education expenses, motor vehicle purchases, debt consolidation, home acquisition and improvement along with domestic expenses. Motor vehicle secured loans continued to be the leading loans type at 55% of the Total Loan Portfolio with Deposit secured loans and Unsecured Loans ranked a distant second and third respectively at twenty-two percent (22%) and twelve percent (12%) of the Total Loan Portfolio. Overall the Total Loan portfolio registered a two percent (2%) decline for the year under review. This is reflected in the chart below.



Report of the Credit Committee 2013 cont'd

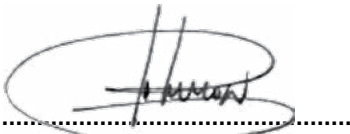
The Credit Committee met fifty-two (52) times for the year and in tandem with the IECCU Staff approved over six thousand (6000) loan applications. Two new members: Paulette Small and Uelma Nicholson were welcomed to the team. They replaced Heather Robinson and Wilfred Ball. Heather Nelson demitted office whilst Wilfred Ball was elected to the IECCU Board of Directors. Ray Johnson was elected as the new Chairman of the Committee and Vernon O'Sullivan was returned as Secretary whilst Huie Bernard, H. Jimmy Reid and Cauline Haynes completed the seven member committee.

Former Credit Committee members - Heather Nelson and Wilfred Ball are to be recognised for faithfully serving the IECCU for over fifteen years (jointly). We wish them well in their respective endeavours.

The Credit Committee acknowledges the continued patronage that our members continue to extend. However we also encourage you to protect your credit union and your credit rating by:

- 1) Paying on time
- 2) Paying the required amount and
- 3) Advising us of your challenges ideally in advance but certainly at the earliest opportunity so that we can assist.

It is important to develop a good credit history by practising these three things. The credit history is the financial recommendation that you write over time. It will determine how your loan is considered, how quickly you access a loan as well as it determines conditions if any. So, in the true spirit of co-operative principles, help us to help you to obtain a loan by correctly managing how you pay as we increase the possibilities that this Union has to offer.



Ray Johnson
Chairman

Report of the Delegates 2013

DELEGATE'S REPORT ON THE 71st ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE LTD.

The League's Convention and Annual General Meeting took place at the Ritz Carlton Hotel from May 16-19, 2013 under the theme "Renewed. Repositioned. Reshaping the Movement for the Future." The conference was the first after the transformation process which resulted in the League establishing itself as the consolidation of Jamaica Co-operative Credit Union League, Credit Union Fund Management Company (CUFMC) and Centralised Strategic Services Ltd. (CSS)

Highlights of the convention included the following:

- Professional Development Session with Dr. N'Sombi Jaja entitled "Motivating the Inner You"
- Annual General Meeting – CSS
- Annual General Meeting – CUFMC
- Second Workshop with Dr. N'Sombi Jaja entitled "Delivery of Exceptional Customer Experience".
- Workshop with Motivational Speaker Alvin Day entitled "Persuasion Power - The Art of Retail Selling".

AGM REPORTS

Board Report

The President Johnathan Brown in his summary of the Board report highlighted the achievements of JCCUL during the year. Among the Movements' achievements were:

- Savings growth of 6.5% to \$54.9B
- Loans growth of 13.2% to 47.7B
- Membership growth of 3.4% to 951,737

Rule changes

Governance strengthening required the change of several JCCUL Rules in light of the transformation process. A proposal for a new governance structure for the League was presented. A special general meeting was suggested for a decision to be made on this matter. Rules that were changed included the following:

Rule 15 - amended to change the repository of credit unions' liquidity reserves from JCCUL to the CUFMC or its successors.

Rule 16 - amended to allow JCCUL to guarantee and syndicate loans if necessary.

Rule 36 - amended to provide for a reduction in the size of the Board to between 11 and 15 persons, and to provide for new ways of determining the composition of the Board.

New Sub-Rule 43 (2) - introduced to allow Board and Committee meetings to be held by remote communication or by electronic means.

Thank you for the opportunity to represent IECCU.



Mark Bowen
Delegate

Proposal For The Appropriation of Surplus

For the year ended December 2013

Your Board proposes the appropriation of surplus as follows:

Surplus	\$ 17,469,824
Reserve Fund 20%	\$ 3,493,964
Honoraria	\$ 1,274,200
Permanent share dividends (approx) for 2013 25%	\$ 712,451
To General Reserve	\$ 11,989,209

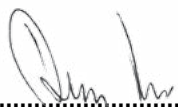
Proposal For The Setting of Maximum Liability

For the year ended December 2013

The Board of Directors proposes that the maximum liability for 2014 be set at \$1.7Billion. This will satisfy the maximum projected growth in interest bearing liabilities during 2014 in relation to Article XIX, Rule 69.

For the permanent share capital, a increase to \$3000 for each member is recommended. The credit union would distribute \$1800 from our reserves to increase the exiting amount to \$2000, with the membership contributing \$1000 afterwards. We would give the membership 6 months to make their \$1000 contribution to permanent shares.

For and on behalf of the Board of Directors



Mr. Derrick Logan
Treasurer

Proposal For The Reallocation of Capital		
	Current \$M	Proposed \$M
Non-Institutional Capital		
Special reserve	15.69	
Capital reserve (Note a)	3.00	3.00
Gain on investment	0.97	0.97
General reserve	176.32	80.00
Share Fund transfer reserve (Note b)	0.39	0.40
Mortgage fund reserve (Note c)	8.40	
Special reserve	0.02	
Hurricane relief	0.00	
Bad debt	0.07	
Building development fund reserve	0.60	
Loan loss reserve	-	
Total	205.50	84.00
Institutional Capital		
Statutory & Legal Reserve	126.00	249.00
Other Qualifying Reserves	12.00	0.00
Retained Earnings Reserve	4.00	0.00
Permanent Share Capital	2.00	16.00
Total	148.00	265.00

Staff Members



Mark Bowen
General Manager



Michelle Nembhard
Operations Manager

Staff Members



Left - Right
Daniel
Benjamin,
Teniesha
Bailey
Marketing
Dept.



Left - Right
Vinnilla
Alexander,
Godfrey
Silvera
Accounts
Dept.

Staff Members



Damia Barrett & Jacqueline Wilson
Compliance Department



Roxanne Brown & Dionne White
Credit Department



Tricia Robinson, Devar Rhoomes, Carlene Haughton
Delinquency Department



Cordella McGowan
Sys. & Processes Dept.

Staff Members



Claudette Graham-Johnson.
Karlene Thompson-Williams
Administrative Department



Kamla Brown
Business Admin - Mo-Bay Branch



(L-R) Lavina Calvin. Christine Barker. Alicia Hart. Adrian Williams.
Nyadian Dubidad. Kamisha Wint. Lotoya Day.
Member Service Department

Notes

Prayer of St. Francis 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 in dying that we are born to eternal life.



IECCU

THE INSURANCE EMPLOYEES COOPERATIVE
CREDIT UNION LIMITED

A Union of Possibilities

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